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TRADE HUB AND AFRICAN PARTNERS NETWORK

VALUE CHAIN SELECTION REPORT

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TRADE HUB AND AFRICAN PARTNERS NETWORK

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ACRONYMS

AAFEX	*Association Afrique Agro-Export*
AAK	AarhusKarlshamn AB
ACA	African Cashew Alliance
ACI	African Cashew Initiative
ACTE	Africa Competiveness and Trade Expansion
ADM	Archer Daniels Midland
AGOA	Africa Growth and Opportunity Act
ASEPEX	Senegal Export Promotion Agency
ATAG	Aid to Artisans Ghana
BRIC	Brazil, Russia, India, and China
CCD	Colony Collapse Disorder
CECI	Centre for International Studies and Cooperation
CM/CMT	Cut and make; cut, make and trim
CNSL	Cashew nut shell liquid
COLEACP	European, Africa, Caribbean and Pacific Liaison Committee
COMFISH	Collaborative Management for a Sustainable Fisheries Future
CRC	Coastal Resource Center
DFID	Department for International Development
DRC	Democratic Republic of Congo
ECOWAS	Economic Community of West African States
EPZ	Export processing zone
FAO	Food and Agricultural Organization
FAOSTAT	FAO Statistics Service
FDA	Food and Drug Administration

FOB	Free-on-board
FTF	Feed the Future
GIZ	German Society for International Development
GRAS	Generally recognized as safe
GSA	Global Shea Alliance
ha	Hectares
HACCP	Hazard Analysis and Critical Control Points
ICFG	Integrated Coastal and Fish Governance
IFAD	International Fund for Agricultural Development
ISO	International Organization for Standardization
ITC	International Trade Commission
IUU	Illegal, unreported and unregulated catch
LBA	Local buying agents
lm	Lineal meters
mt	Metric tons
NARS	National Agricultural Research Service
NASFT	National Association for Specialty Food Trade
NEXXT	Nigerian Expanded Trade and Transportation
NGO	Nongovernmental organization
OE	Open end
PAMPEAG	Papaya and Mango Producers and Exporters Association of Ghana
R&D	Research and development
RS	Ring spun
SIAO	*Salon international de l'Artisanat d'Ouaga*
SME	Small or medium enterprise
SNV	Netherlands Development Organization
SOW	Scope of work

SUG	Superior Uniform Group
THN	Trade Hub Network
UNCTAD	United Nations Conference for Trade and Development
UNDP	United Nations Development Program
USAID	United State International Agency for Development
USDA	United States Department of Agriculture
VC	Value chain
VIETCRAFT	Vietnam Handicraft Association
WACIP	West African Cotton Initiative Partnership
WAGN	West African Grain Network
WATH	West African Trade Hub
WTO	World Trade Organization

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EXECUTIVE SUMMARY

This Value Chain Selection Report is the first step in planning the activities for the Trade Hub and African Partners Network (the second step includes assessing those value chains that are selected; the third step will be to present and obtain feedback prior to final validation) . It includes individual reports and analysis for value-added value chains that are candidates for project focus. The value chains considered in this document were identified after internal discussions and meetings with the United States Agency for International Development (USAID)/West Africa. This document is the first step in the process of confirming which value chains are to be supported by the Trade Hub. In addition to reviewing and consolidating available documentation for each value chain, we collected and updated information from key stakeholder organizations in the relevant sectors.

The following value chains were considered:

- Aquaculture/seafood
- Apparel/textiles[1]
- Cashew
- Honey
- Home décor/handicrafts
- Mango/mango pulp
- Sesame
- Shea
- Specialty foods

For each value chain, subject matter experts completed an analysis that looked at the potential to increase trade, potential to increase jobs, potential to attract investment, number of households participating, geographic dispersal, and current level of exports to global markets. The individual reports and analysis are presented in the annexes. A matrix in Chapter 3 summarizes the rankings of each value chain according to these criteria. Those rankings are the basis for the following recommendations.

We recommend dropping the following value chains:

- Specialty foods
- Textiles
- Aquaculture/seafood

We recommend including the following value chains in the assessment phase of the selection process:

- Cashew
- Shea
- Mango/mango pulp
- Honey
- Apparel
- Home décor/handicrafts
- Sesame

[1]Apparel and Textile were evaluated separately because of significant differences in the respective rankings of the criteria, resulting in a decision to drop one sub-value chain and continue with another sub-value chain.

1. INTRODUCTION

This Value Chain Selection Report is the first step in planning activities for the Trade Hub and African Partners Network. It includes individual reports and analysis for value-added value chains (VCs) that are candidates for Trade Hub focus. The selection activity provided an opportunity for the Trade Hub team to better understand the current competitive position of each value chain, begin to understand and appreciate the opportunities that each offers, and begin to engage with partners and stakeholders. As the first opportunity for the Trade Hub team to resume interacting with industry stakeholders and begin identifying lead firms and areas where the project can have a positive impact, the value chain selection and assessment process also provides an initial basis for dialogue with key sector and value chain stakeholders.

1.1 ABOUT THE TRADE HUB AND AFRICAN PARTNERS NETWORK

USAID/West Africa's strategic goal is to support the emergence of a politically stable and economically prosperous West Africa. The Trade Hub's goals are to promote increased regional trade in key agricultural commodities (a goal of Feed the Future, or FTF) and to reduce poverty through value-added exports (a goal of the Africa Competitiveness and Trade Expansion Initiative, known as ACTE).

The overall objective of the Trade Hub and African Partners Network is to increase Africa's share of world trade by increasing exports at a faster rate than the rate of growth in overall trade, and by improving West Africa's international private sector competitiveness in targeted value chains other than extractive industries.

The project will achieve two intermediate results: 1) improve the private sector capacity of the region's farmers and firms by addressing constraints to targeted value chains; and 2) improve the business enabling environment by addressing economy-wide constraints such as the transport and trade barriers that affect the efficiency of the region's ports, corridors, and borders.

At its heart, USAID/West Africa's Trade Hub and African Partners Network is a capacity building effort that will entail working with several key groups of African partners. The project's focus will be on developing associations and regional alliances that can act independently from donor support and take on a greater leadership role in promoting reforms, attracting buyers and investors, and adopting improved practices. The project will also work with individual companies that have a regional scope and could serve as lead firms in targeted value chains.

The Trade Hub will achieve its objectives by improving the private sector competitiveness of certain value chains. Based on the initial assessments made in USAID/West Africa's Feed the Future Multi-Year Strategic Plan, five value chains have been pre-selected for the project: rice, maize, millet/sorghum, livestock (cattle), and livestock (sheep and goats). They were selected based on the following criteria: importance to intra-regional trade, high potential for value addition, production by a large number of stakeholders, and synergies with other supported value chains.

The Trade Hub team has also been asked to examine the development potential of other value-added value chains and to consider the merits of including them in the project's set of targeted value chains. This report focuses on these other value chains.

West Africa is on the verge of a transformative change—if it can create a new dynamic for intra-regional and export trade. At present, intra-regional trade is inefficient, characterized by unpredictable distortions and uncompetitive practices, and subject to overly restrictive regulatory regimes. West African exports have limited success in the global marketplace due to poor quality, inconsistent supply, and high delivery prices, which can be traced back to the absence of economies of scale, high transaction costs, and a poor enabling environment.

The Trade Hub and African Partners Network aims to promote broader, more sustainable growth by improving both private sector capacity and the policies, rules, and practices that govern regional and external trade. This will achieve sustainable and measurable increases in regional and international exports, jobs, and investment by strengthening vertical and horizontal integration within value chains, assisting representative associations to become more effective and inclusive, and improving the enabling environment for trade. The project will also mount a cross-cutting effort to increase the professionalism of all major participants by providing role-specific competency training, facilitating access to modern technologies, and improving market linkages.

The Trade Hub will:

- **Leverage and strengthen already-identified or new private sector and public sector partnerships for commercial and development activities.**
- **Target the highest-impact opportunities in the value chains and policy regimes, to alleviate specific constraints hindering private sector growth.** The cornerstone of our structured approach to value chain development is identifying, in collaboration with our for-profit value chain partners and our public and nongovernmental organization (NGO) partners, where high-impact change can be achieved to maximize the return on project resources. Our trade and transport enabling environment staff will target specific policy and regulatory constraints which, once changed, will open up regional and external markets, reduce seasonal blockages, lower supply chain friction, and encourage trade-based investment and growth. They will work closely with stakeholders to advocate and enforce reforms.
- The Trade Hub's higher level results are summarized in Table 1 below.

Table 1: Highest Outcome-Level Results

Results	Through Year 3	Through Year 5
Increase in the value of global and regional transactions, on average, in targeted sectors of livestock, grains, and value-added products in West Africa	30%	50%
Creation of new jobs in Trade Hub-assisted West African firms	15,000	23,000
Facilitation of new investment in targeted sectors	$62.5m	$102.5m

Because different partners have different needs and levels of maturity, the project will tailor upgrading activities to each partner. We will select value chains that offer opportunities to substantially contribute to achieving these objectives. We will choose value chains that can benefit from Trade Hub-supported activities such as:

- Improved buyer-seller intermediation
- Expanded use of grades and standards

- Increased access to and use of market information
- Increased access to and use of financial services
- More competitive transport and logistics enabling environment
- Reduced legal and regulatory barriers to trade

Implicit in this approach is a large amount of targeted capacity-building for key stakeholders to improve and accelerate their ability to expand their own operations.

1.2 METHODOLOGY

Value chain selection is the first of three phases that will lead to agreement on THN's target value chains:

1. Phase I: Select (recommend) value-added value chains
2. Phase II: Assess selected value chains
3. Phase III: Vet and obtain feedback, leading to confirmed selection

This report covers tasks that are part of Phase I: Selection of value-added value chains. Table 2 below shows the steps used by the Trade Hub team to obtain the information and develop the recommendations presented in this report.

Table 2: Trade Hub Tasks and Methods for Recommending Value Chains

Task	Method
1. Develop inclusive list of VCs	Draw from brainstorming, proposal, and FTF strategy
2. Update core information about these VCs	Use previous studies and reports, data available via internet, some interviews
3. Use high-level criteria to eliminate certain VCs	Compare VCs against high-level criteria
4. Prepare and submit Value Chain Selection Report	Include criteria matrix, short assessment brief on each VC, and brief justification for eliminated VCs

1.2.1 TASK 1. DEVELOP INCLUSIVE LIST OF VALUE CHAINS

To develop the list of potential value chains to be considered, the Trade Hub drew from two sources, in addition to relying on project team members' expertise and knowledge of the West African context. We considered the value chains addressed by the past West Africa Trade Hub (WATH) project: cashew, shea, sustainable seafood, specialty foods, home décor, and textiles. We then considered other potential value chains, as proposed in the Abt team's original proposal. The VCs included in the proposal were selected based on their estimated importance to intra-regional trade and their potential impact on food security. Those value chains are sesame, mango, and honey. Our consideration and possible assessment of the fresh mango/mango pulp value chain will also provide an indication of opportunities in fruits and vegetables, which the Trade Hub might later examine. We examined fonio and gari/athieke in

the context of the specialty foods value chains.[2] Using all these sources, the Trade Hub value chain team developed the initial list of value chains to consider, as shown in Table 3 below.

Table 3: List of Value Chains Under Consideration

Pre-Selected Value Chains (Not Part of This VC Selection Report)	Additional Value Chains	
Staples: rice	Apparel/textiles	Mango/mango pulp
Staples: maize	Aquaculture/seafood	Sesame
Staples: millet/sorghum	Cashew	Shea
Livestock: cattle	Home décor/handicrafts	Specialty foods
Livestock: sheep and goats (small ruminants)	Honey	

1.2.2 TASK 2. UPDATE CORE INFORMATION ABOUT THESE VALUE CHAINS

As part of the research for the selection reports, subject matter experts collected and updated data and trend information relevant to each of the pre-selected provisional value chains. This exercise provided support for the decision to select or exclude each of the value chains in the Trade Hub's list of targets.

1.2.3 TASK 3. USE HIGH-LEVEL CRITERIA TO ELIMINATE CERTAIN VALUE CHAINS

To eliminate value chains that do not sufficiently respond to key criteria, and thus do not justify inclusion in the Trade Hub's portfolio, we used a set of high-level criteria that was a subset of a longer list of criteria to be used for eventual value chain assessment. This longer list is presented in the Value Chain Report Terms of Reference (see Annex 1).

The six high-level criteria include:

- Potential to increase trade
- Potential to create jobs
- Potential to attract investments (including from the U.S.)
- Number of households participating
- Extent of geographic dispersal in West Africa
- Current level of exports to global markets

[2] Oil palm will be deferred, since proper consideration of this value chain will require substantial research, particularly in looking at West Africa's ability to serve international markets and assessing oil palm's possible environmental impact. Since Liberia—and possibly other USAID missions—may be starting to work with oil palm, it seems to be a sector worth looking into, but that should be done in close cooperation with bilateral missions. Pulses (cowpeas) are also deferred, because the value chain does not serve much of a global market, is not a pre-approved staple for the Trade Hub, and is not a focus of the West Africa Grains Network (WAGN). The REGIS project will deal with this value chain, but REGIS has not yet commenced. The Trade Hub may later consider separate analyses of both oil palm and cowpeas.

1.2.4 TASK 4. PREPARE AND SUBMIT VALUE CHAIN SELECTION REPORT

The Trade Hub value chain experts investigated each of the value chains, looking at the above criteria. We prepared a brief write-up for each value chain, describing it in terms of these criteria and presenting a case for it to be included (or excluded) in the project's list of target value chains.

This Value Chain Selection Report consists of two parts:

1. A discussion of the value chain selection process, including:
    - A comparison of the value chains (comparison chart)
    - Recommendations for selection
    - Discussion of next steps
2. Annexes, which include the terms of reference for this activity and the reports for each value chain.

1.3 NEXT STEPS—TIMELINE FOR THE VALUE CHAIN ASSESSMENT PROCESS

Table 4: Next Steps in Value Chain Assessment

Task	Method
Assess short-listed VCs	Assess the five preselected VCs and the other selected VCs against a full set of criteria through desk studies, review of existing VC studies, and key informant interviews with partner network
Obtain USAID/West Africa's feedback on Value Chain Selection Report	Review Value Chain Selection Report; meet with VC Development Specialist and VC team
Submit Value Chain Assessment Report	Include an assessment of all VCs, established through VC studies, desk research, and key informant interviews; include extended VC assessment and discussion of potential upgrading plans
Prepare facilitation guide for VC stakeholder vetting	Based on current assessment, prepare summary presentation and process for vetting VCs
Vet VC selection and assessment with stakeholders	Hold session within Project Partners Kick-off Workshop with Trade Hub stakeholders
Refine VC selection and assessment, based on stakeholder feedback and suggestions	Continue interacting with key stakeholders and USAID as required

The Trade Hub will conduct value chain assessments of the selected value chains; these will be completed in draft by May 31, 2014.

The final selection will, however, only take place after the Project Partners Kick-Off Workshop, which will take place or about day 120 of the project (July 15, 2014). This workshop will include a stakeholder vetting of the value chain selection and assessment. The final selection will take place after this workshop, and will take into account the stakeholder feedback.

2. RECOMMENDATIONS

This chapter summarizes the recommendations for each of the nine value chains considered in this selection phase. Seven value chains are recommended for further assessment. We recommend that three value chains not be pursued further. As explained above, we separated apparel and textiles in these recommendations because the analysis of each "sub-value chain" as per the established criteria resulted in a decision to drop one (textiles) and continue with the second (apparel). Further reasons are presented below.

Further details on each of the value chains are provided in the individual value chain selection reports contained in Annexes 2 through 10.

2.1 VALUE CHAINS DROPPED FROM CONSIDERATION

Table 5: Value Chains Dropped from Consideration

Value Chain	Primary Reasons for Not Proceeding with this Value Chain	Considerations
Specialty foods	Relatively small market and market opportunity, highly fragmented, hence likely to be expensive to support systematically.	• Trade Hub can still work within the sector on an opportunistic basis, supporting lead firm initiatives that meet Trade Hub's criteria. • Coffee is a major sector—will consider looking at it in more depth. • Gum Arabic is also an important sector—will consider looking at it in more depth.
Textiles, and garments for the local market	Little growth prospect, heavy state involvement (in textiles), competition from second-hand garments.	
Seafood/aquaculture	Limited opportunity at regional level, as most production is Senegal/Gambia; significant investment throughout region would be required for value added.	

2.2 VALUE CHAINS RETAINED FOR THE VALUE CHAIN ASSESSMENT

We recommend that the following value chains be included in the assessment phase of the Trade Hub's value chain selection process.

Table 6: Value Chains Retained for Assessment

Value Chain	Main Positives	Considerations
Apparel manufacture for export	An AGOA focus with positive market trends; can be globally competitive. Underutilized capacity can fast be mobilized. Inceasing employment and exports, after which additional investment is plausible. Major brands	Ghana is currently the primary producer in the region. While sales and jobs can be increased, order of magnitude increases will require

Value Chain	Main Positives	Considerations
	are currently served from the region.	aggressive investment promotion.
Cashew	A very large sector with wide reach in the region. Substantial opportunity to improve yields, reduce post-harvest losses, and improve quality, hence increasing exports. Substantial local processing opportunity—generating value added and investment.	
Home décor	A significant sector—fragmented but showing signs of increasingly organized market channels and growing demand. We suggest NOT having ongoing Trade Hub initiatives in support of the sector (as this is likely to be expensive) but instead identifying 1 or 2 cost-effective interventions.	In addition, the Trade Hub can work within the sector on an opportunistic basis, supporting lead firm initatives that meet project citeria.
Honey	Although the honey value chain of West Africa is relatively undeveloped compared to those of eastern and southern African, there is strong potential for leveraging increased global exports of West African honey in a context of rapidly declining production and increasing prices, in the U.S. market in particular.	Support for regional exports to be increased for key niche markets in the U.S. and Europe could successful in the short term. We recommend a more in-depth assessment of sector to better research larger export concerns in the region.
Mango/mango pulp	Mangoes are grown throughout West Africa, but only a small fraction reach export-oriented supply chains or are of export quality. Still, West Africa exports substantial quantities of mangoes to an international market that is growing. A variety of processed mango products are possible, with some instances in the region. Huge volumes and diverse products are exported from other parts of the world. So, while there is substantial market opportunity, this sector is unlikely to show substantial returns before several years. The opportunity is worth assessing.	Opportunities for mango and mango product exports may be indicative of other opportunities for fruits and vegetables. There are many individual investments successfully processing and exporting from the region, and many models from elsewhere in Africa and worldwide. We recommend that Trade Hub consider a more extensive assessment of such opportunities in West Africa, particularly of conditions that would attract high-value fresh exports or value-added investment.
Sesame	Sesame will continue to register increased global demand; West African share of global exports has been steadily increasing. There is considerable scope for leveraged investments in mechanized processing in the producer countries of West Africa for value-added exports, particularly Burkina Faso.	
Shea	Important sector with widespread regional production, providing additional income to a very substantial number of households. West Africa has strong comparative advantages in production and market. Market trends are positive. Even a small percentage increase will generate large numbers. The Shea Alliance is spearheading (and Trade Hub can support) an effort to get the U.S. to accept shea as a food item, as it is already in Europe. If successful, it would generate an order of magnitude increase in	

Value Chain	Main Positives	Considerations
	demand, sales, and investment.	

2.3 COMPARISON OF VALUE CHAINS

Table 7 on the following page presents a numerical ranking of key criteria for each value-added value chain. In addition to ranking each VC by the Trade Hub's highest-level objectives (potential to increase trade; potential to create jobs; potential to attract investments), each value chain was ranked by number of households participating, geographic dispersal in West Africa, and current level of global exports. Given the diverse nature of the value chains, this ranking is admittedly somewhat subjective. Final rankings were determined after review and discussion of the subject matter experts' own recommendations in the attached individual value chain selection reports, in combination with a more global view of each VC's potential contribution to the Trade Hub's objectives.

Based on this discussion and analysis, we developed the final recommendations for the value chains to be dropped from further consideration and those to be assessed (Sections 3.1 and 3.2 above).

Table 7: Comparison of Value Chains

Value Chain	Selection Criteria Rank (1=little impact; 5=substantial impact) Quantified estimates added where possible						Special Justifications
	Potential to increase trade *Ability to contribute to Trade Hub goal of 60% increase in global trade*	**Potential to create jobs** *Ability to contribute to Trade Hub goal of generating 27,000 new jobs*	**Potential to attract investments** *Ability to contribute to Trade Hub goal of generating $102.5m of new investment*	**No. of households participating**	**Geographic dispersal in West Africa** *Number of countries*	**Current levels of export to global markets**	Specific and unique attributes that help justify selection of the value chain.
Home Décor/ Fashion	3	2	1	3	Every country	Data not available. Likely more than $15m, perhaps substantially more.	• Provides women with cash income • Provides households with additional and non-agricultural income • Growing market trends and demand
Apparel/Textiles	3	3	4	2	Most countries have part of this industry. Ghana, Benin, and Côte d'Ivoire have immediate potential for growth.	Proper data not available. Ghanaian global exports of garments were about $8m in 2007 and $3m in 2013.	• "Chunky" investments and orders that generate many jobs • Several recent enquiries about sourcing from West Africa (particularly Ghana) • Ghana shows signs of rebounding from sales dip during financial crisis • Substantial new investment will require strong investment promotion effort from Ghana • A core AGOA sector
Specialty Foods	2	2	2	3	Every country	Data difficult to interpret. Exports of around $16m, plus coffee ($336m) plus gum Arabic ($105m)	• Widespread production. • Provides cash income to households • Growing market trends for ethnic and specialty foods—largest opportunity remains diaspora in key export markets

Value Chain	Selection Criteria Rank (1=little impact; 5=substantial impact) Quantified estimates added where possible						Special Justifications
	Potential to increase trade *Ability to contribute to Trade Hub goal of 60% increase in global trade*	**Potential to create jobs** *Ability to contribute to Trade Hub goal of generating 27,000 new jobs*	**Potential to attract investments** *Ability to contribute to Trade Hub goal of generating $102.5m of new investment*	**No. of households participating**	**Geographic dispersal in West Africa** *Number of countries*	**Current levels of export to global markets**	Specific and unique attributes that help justify selection of the value chain.
Shea	3-5 (depends on Global Shea Alliance [GSA])	2	2-4 (depends on GSA)	5	7 main producing countries	$120m for kernels alone	• Widespread production (3m households), especially involving women • Provides cash incomes for households • USDA approval of shea as ingredient for confectionary products would catalyze substantial increases in production, investment, and possibly unit prices.
Aquaculture/ Seafood	2	2	2	2	Senegal, Gambia, (limited in Ghana)	$15m in region, mostly informal; accurate values difficult to collect.	• Sardinella value chain offers limited opportunity from both production and fishery perspective (Senegal and Gambia predominantly) • Provides important food for households from a nutrient (protein) perspective
Honey	2	2	2	3	Produced in 11 countries	$40m	• Global demand for honey rapidly increasing as colony collapse disorder (CCD) ravages other bee populations • Food safety concerns make African honey particularly competitive with Chinese honey
Sesame	3	2	2	3	Produced in 11 countries	$250m	• Global demand continues to grow; scope for West Africa to join eastern and southern Africa as a global supplier

Value Chain	Selection Criteria Rank (1=little impact; 5=substantial impact) Quantified estimates added where possible						Special Justifications
	Potential to increase trade *Ability to contribute to Trade Hub goal of 60% increase in global trade*	**Potential to create jobs** *Ability to contribute to Trade Hub goal of generating 27,000 new jobs*	**Potential to attract investments** *Ability to contribute to Trade Hub goal of generating $102.5m of new investment*	**No. of households participating**	**Geographic dispersal in West Africa** *Number of countries*	**Current levels of export to global markets**	Specific and unique attributes that help justify selection of the value chain.
Cashew	4	3	3	5	Produced in 11 countries; 4 main producers	$975m	• Widespread production (2+ million households) in West Africa, with 4 major producing countries • Significant opportunity for value-added processing near farm and downstream • Significant opportunity to improve quality and reduce post-harvest losses
Mango/mango pulp	3	3	3	3	Throughout region—Ghana, Senegal, Burkina Faso, and Mali have most immediate growth opportunity	US$53m	• Grown throughout region, but relatively limited international export • Immense opportunity for increased sales through improved quality, handling, and logistics, and by addressing fruit fly problem • Opportunity for a variety of value-added products, including shelf-ready (e.g., Ghana) • Opportunity for fresh and processed mango exports may be indicative of much larger opportunity in cut fruit and vegetables.

ANNEX 1: TERMS OF REFERENCE FOR VALUE CHAIN SELECTION AND ASSESSMENT

CONTEXT FOR THIS ASSIGNMENT

Based on the initial assessments made in USAID/West Africa's Feed the Future Multi-Year Strategic Plan, four value chains have been pre-selected for THN based on the following criteria: importance to intra-regional trade, high potential for value addition, production by a large number of stakeholders, and synergies with other supported value chains. The pre-selected value chains are rice, maize, millet/sorghum, and livestock (cattle, sheep, and goats).

The THN project team has also been asked to examine the development potential of other "value-added" value chains and consider the merits of their inclusion in THN's set of targeted value chains. THN and its partners need to select the value-added value chains that will be included in the focus of the project.

OBJECTIVES OF THE ASSIGNMENT

GENERAL OBJECTIVE

This assignment will provide information needed to select the target value chains and prepare the THN work plan. Most of the value chains being considered for THN support have been well-studied and documented in the past. This information needs to be updated as THN starts.

SPECIFIC OBJECTIVES

Value Chain Selection

The value chain selection report will consider the merits of the various value chains and recommend those that should be THN's focus value chains. The project must submit a value chain selection report to USAID by May 16, 2014.

Each value chain expert will submit draft value chain selection report for his/her value chain(s) by **May 5, 2014**, to allow time for comment, revision, and incorporation into the submitted report. The value chain experts will also prepare PowerPoint presentation material to summarize key information and logic pertaining to the selection decision for each value chain. The PowerPoints are to be submitted by **May 7, 2014**.

THN will provide a draft outline for the reports.

Value Chain Assessments

The value chain assessments will describe and update prior assessments. They will also provide preliminary indications of the vision for each value chain and of THN's strategy. The assessments will be crucial in informing THN's work planning. THN must submit a value chain assessment report to USAID by May 31, 2014.

Each value chain expert will submit draft value chain assessment reports for his/her value chain(s) by **May 19, 2014**, to allow time for comment, revision, and incorporation into the submitted report. The value chain experts will also prepare PowerPoint presentation materials to summarize key information and logic pertaining to the assessment and strategic recommendations for each value chain. The PowerPoints are to be submitted by **May 22, 2014**.

THN will provide a draft outline for the reports.

Only those value chains which have been approved for selection will be assessed.

Stakeholder Vetting

The selection of value chains will be finalized in approximately early July, when THN will hold a Project Partners Technical Workshop. Stakeholders will vet the value chain selection and assessment during the workshop. The stakeholder vetting process is **not** included in the current Terms of Reference.

EXPECTED RESULTS OR DELIVERABLES

- An approved value chain selection report for each value chain (about four to five pages). A complete first draft of this report must be submitted to THN by May 5, 2014, with subsequent iteration and revisions for finalization.
- By May 7, brief PowerPoint presentations that summarize key information and logic pertaining to the selection decision for the value chains.
- An approved value chain assessment report for each selected value chain (about 20 pages, with annexes as appropriate). A complete first draft of this report must be submitted to THN by May 19, 2014, with subsequent iteration and revisions for finalization.
- By May 22, PowerPoint presentations that summarize key information and logic pertaining to the assessment for the value chains.

METHODOLOGY

SCOPE OF SERVICES

Each value chain expert is responsible for researching and preparing a selection report for each of his/her value chains. For selected value chains, the value chain expert is also responsible for the assessment, vision, and upgrading strategies for those VCs. This is the initial scope of work for what may be a series of assignments to upgrade selected value chains in the West Africa region.

The value chain experts will perform this work in particular through the following:

- Reviewing available value chain analyses, studies, reports and web-based material, as well as other desktop work

- Strongly considering the existing value chain studies and their conclusions in the analysis
- Holding phone and Skype conversations and interviews with members of the partner network in selected countries, as well as with other key stakeholders
- Traveling to West Africa to hold key informant interviews with members of the partner network in selected countries

As some of the initially included value chains will be dropped from further consideration during the course of this assignment, the value chain experts will receive authorizations for continued work at key stages. The estimated total level of effort is based upon both the selection and the assessment being carried out.

THN will provide the value chain experts with draft outlines for the value chain selection report and the value chain assessment report.

CRITERIA FOR VALUE CHAIN SELECTION AND ASSESSMENT

The following table (Table B.1) contains the list of criteria and sub-criteria that will be used in the value chain assessments. They include those set out in the Request for Proposal and proposal. Some additional criteria have been added, which pertain to the likelihood of success and the identification of potential entry points.

The project has established a set of high-level key criteria for initial screening (marked with an X in Table 8). Value chains that do not respond to these key criteria will be considered inappropriate for inclusion in the project's set of activities; THN will recommend that they be eliminated from further consideration prior to conducting the VC assessments.

Table 8: Criteria and Sub-criteria for Value Chain Selection

Criteria and Sub-criteria	High-Level Criteria for Selection
Criterion 1: Contribution to economic growth	
• Potential to increase trade	X
• Potential to create jobs	X
• Potential to attract investments (including from the U.S.)	X
• Potential to generate value addition	
• Potential to generate market-based improvements in production yields	
• Return on USAID investment	
Criterion 2: Impact on food security	
• Number of households participating	X
• Contribution to total of average participant household income	
• Impact on household nutrition	
• Extent of geographic dispersal in West Africa	X

Criterion 3: Social impact (women, ultra-poor, vulnerable)	
• Female participation	
• Impact on the vulnerable	
• Potential to engage youth	
Criterion 4: Competitiveness	
• Revealed comparative advantage	
• Current market size	X
• Ability of the upgraded value chain to respond reliably to market requirements with competitive quality and cost	
• Will the current competitive environment provide "space" for an upgraded value chain?	
• Main (top 3) comparative strengths of the value chain; can THN further strengthen them?	
• Main (top 3) comparative weaknesses in the value chain; can THN address these weaknesses? Can they be addressed by another source?	
• Extent to which the value chain has regional/cross border characteristics – e.g. supply chain, scale, cross-border investment, etc.	
Criterion 5: Factors that would support upgrading	
• Existence of champions for change; evidence of lead firms	
• Ability to attract lending and other forms of finance	
• Availability of productive infrastructure	
• Potential synergies with existing programs	
• Favorable policy environment	
Criterion 6: Climate resilience and environmental sustainability	
• Susceptibility to natural and socio-political calamities	
• Extent of negative environmental impact	
• Availability of Climate Smart Technologies	
Criterion 7: Absolute hurdles to success	
• Main (top 3) regulatory and legal constraints that the value chain must overcome to achieve an improved level of competitiveness; what options are available to address these constraints?	
• What infrastructure or service constraints need to be overcome, and how vital are they?	

SCHEDULE AND LEVEL OF EFFORT

Table 9 shows the personnel who will be responsible for the value chain selection and value chain assessment reports.

Table 9: Value Chain Selection and Assessment Personnel

Individual	Value Chain	Will Prepare the Selection Report?	Will Prepare the Assessment Report?
Elaine Belleza	Home décor	Yes	If VC is selected
Joop de Voest	Apparel/textiles	Yes	If VC is selected
Abou Fall/Bill Noble	Specialty foods	Yes	If VC is selected
Eliot Masters	Shea	Yes	If VC is selected
Eliot Masters	Aquaculture/seafood	Yes	If VC is selected
Eliot Masters	Honey	Yes	If VC is selected
Patrick Nugawela	Cashew	Yes	If VC is selected
Patrick Nugawela	Mango/pulp	Yes	If VC is selected
Seydou Sidibe	Livestock—cattle	No	Yes
Seydou Sidibe	Livestock—sheep	No	Yes
Seydou Sidibe	Livestock—goals	No	Yes
Kokou Zotoglo	Staple crops—rice	No	Yes
Kokou Zotoglo	Staple crops—maize	No	Yes
Kokou Zotoglo	Staple crops—millet/sorghum	No	Yes
Martin Webber	Assist the Value Chain Development Specialist in supervision and preparation of the selection and assessments reports		

This scope of work (SOW) covers the period through submission of the value chain assessment report. Additional SOWs may be issued to extend the experts' work after this submission.

Table 10: Personnel Level of Effort for Value Chain Selection and Assessement

Person	Estimated Dates	Level of Effort			
		Travel in West Africa	Headquarters/ Home Office	Travel	LOE
Elaine Belleza	April 14–May 31*	15	13	2	30
Joop de Voest	April 7–May 31*	15	15	2	32
Abou Fall	Full-time THN team member				25
Eliot Masters	April 7–May 31*	26	8	2	36
Patrick Nugawela	April 15–May 31*	21	12	3	36
TBD	April 15–May 31*	12	11	2	25
Seydou Sidibe	Full-time THN team member				30
Kokou Zotoglou	Full-time THN team member				30
Martin Webber	March 28–May 31	12	15	3	30

*Dates will be shortened and level of effort reduced if the value chains are not selected for assessment

REPORTING RELATIONSHIPS

The Value Chain Development Specialist will be responsible for oversight and final assembly and preparation of the reports. Martin Webber, Competitiveness and Value Chain Advisor, will provide assistance and support.

ANNEX 2: APPAREL/TEXTILES VALUE CHAIN

Prior to the 2000 Africa Growth and Opportunity Act (AGOA) trade agreement, West Africa largely manufactured and traded in African print fabrics and apparel; Western-style clothing was mostly imported. The main[3] country in West Africa that took advantage of AGOA was Ghana and, to a lesser extent, Mali. Ghana's Presidential Special Initiative, an investment incentive scheme, favored garment manufacturers by creating Export Processing Zones (EPZs) in Tema and Accra. By 2006, 11 exporting commercial garment manufacturers were in operation, with a total of 1,600 machines. By 2007, this had risen to 15 factories with 3,500 machines, including expansion of existing facilities.

Garment manufacturing will quickly move to locations that offer better costs and facilities. Factory costs (labor, electricity, transport, availability of affordable and serviced factory shells) are pivotal, and governments must ensure that their policies help the export industry remain competitive. Equally important is the concentration of factories and diversity of products, as few international buyers will travel to a country with merely a few manufacturers, no matter how competitive. Many garment manufacturing export industries commence with CM/CMT[4] operations, which operate with cutthroat margins. The industry should evolve to value-added garments (embroidery, printing, etc.), explore full package[5] manufacturing, and eventually go more upmarket/fashion.

DESCRIPTION OF THE VALUE CHAIN

Textiles. Without ***synthetic*** staple fiber or continuous filament production in West Africa (Nigeria polyester staple is the exception), the textile value chain essentially starts with cotton-growing (seed cotton) and ginning (cotton lint). Since USAID's West African Cotton Initiative Partnership (WACIP) program works directly with the cotton sector, the Trade Hub will emphasize opportunities in the later stages of cotton processing—mainly with garment manufacturers using imported fabrics that meet international standards in range, composition, and price for woven and knit apparel. ***Cotton lint*** can then be processed into either non-wovens or spun yarn. Non-wovens are produced in Burkina Faso and to some extent in Mali.

The next step is the use of ***spun yarns*** for weaving and knitting of greige (unfinished) fabrics. The bulk of fabrics are base fabrics for African prints, with just a few companies using more modern looms to produce apparel, canvas, and sheeting fabrics. There is some weaving of blankets and towels. Bed linen (sheeting fabrics) is produced on a limited basis in West Africa, as is fabric knitting for T-shirts, polos, golf shirts, dresses, underwear, etc. Two Ghanaian companies formerly did cylinder knitting of socks, but they closed due to trans-shipping issues. ***Dyeing/printing*** of woven and knit fabrics can be used in garment or household textile production. Cotton contamination is a key problem in dyeing, although this has been considerably reduced.

[3] A spinning mill investment, Fitina in Mali, was initiated to supply a Mauritian knitter and garment exporter with yarns. The machinery for this factory was delayed in Côte d'Ivoire until late 2013 before being commissioned in Mali in 2014. Note should be taken that this was a politically pressured investment.

[4] Cut and make; and cut, make and trim—where the buyer essentially sources and supplies the fabrics and trims and merely pays the manufacturer for labor and overheads.

[5] Where the garment manufacturer sources its own fabrics and trims and does its own merchandising.

Apparel. Dyed and printed fabrics are made into woven and knit garments.

Value adding. A number of companies have sophisticated multi-head embroidery machines, with a few companies also boasting carousel printing machines (garment rather than fabric printing).

Fashion/designer wear. Several African print textile manufacturers and designers of fashion apparel and household textiles/décor are selling regionally, but exports of these products are limited to a few companies/designers.

All these value chain processes exist in West Africa, but the largest sector in the value chain is garment manufacturing, which is largely dependent on imported raw materials (fabrics and trims) due to the lack of available fabrics that meet international buyers' needs. For local and regional markets, West African print fabrics and garments will continue to be made, but volumes are diminishing[6] as more Western clothing is being worn, especially by youth.

PRODUCTS INCLUDED IN THE VALUE CHAIN

Cotton lint. Will not be a focus of the Trade Hub, except as collaborative linkage with WACIP.

Non-wovens. This includes cleaning rags and bags as well as bleached cotton.

Spun yarn. This includes ring-spun (RS) and open-end (OE) carded yarns for local/regional markets and some exports to Europe of OE yarns.

Weaving. The main woven fabrics are base fabrics for African prints and some cotton lint baler bags, cotton-picking bags, and canvas fabrics. Some apparel (including denim, but of poor quality) and bed linen fabrics, towels, and blankets are also produced, but on a limited scale.

Knitting. Circular knit and dyed fabrics, produced by a handful of companies in the region, are used to produce knit garments (T-shirts, golf and polo shirts, tracksuits, and underwear).

Dyed and printed fabrics. Few companies produce dyed woven fabrics for apparel and bed linens. Those that do (like Printex in Ghana) import greige fabrics. Five companies have knit fabric dyeing facilities. Printed fabrics are produced by vertical mills, as well as by some stand-alone printing companies. These tend to all be African prints.

Woven apparel. Work wear, uniforms, trousers and shorts, shirts and blouses, jackets, dresses, and skirts are produced for the local, regional, and export markets (U.S. and EU). Although much of this is done by commercial garment manufacturers (with100+ machines), a considerable number of African print garments are also produced by tailors and designers, some with just a handful of machines, others with access to many tailors (100+), should orders require it.

Knit garments. Mostly T-shirts, polos and golf shirts, predominantly produced by commercial garment manufacturers for export and local markets, this last mostly for promotional purposes.

[6] The demise of the West African print garments was dealt with in detail in the 2006-07 USAID/WATH report, "Adding Value to West African Cotton."

CURRENT STATISTICS/INFORMATION

Textile and manufacturing capacity varies widely across West Africa, so individual country assessments follow. Ghana is the clear leader, followed by Benin and Côte d'Ivoire. Updated information is strongly needed on Nigeria, which in the not too-distant past had an industry that dwarfed Ghana's—though it faced serious infrastructure and smuggling problems.

Benin. There are three vertical textile mills (CBT, Sitex, and Coteb) with a capacity to consume 8,000 mt of cotton lint per annum. Actual consumption is no more than 3,000 metric tons. Weaving capacity is about 4 million lineal meters (lm)[7] per month, but actual is no more than 1.2 million lm per month (2009). Sitex is discussing closure (workers have not been paid for several months). Coteb also faces difficulties and is purported to be receiving yet another bail-out from the government. Of the three main clothing factories, Lolo Andoche was to receive a $500,000 loan for new equipment (2013-14) and has in the past exported shirts to the EU and South Africa. ANC-Africa New Confectionary added 50 new machines, including a Gerber pattern-making machine, in 2013 to its existing machinery park of 25 machines. Both are formal wear manufacturers: shirts, trousers, and suits in imported cotton, wool-blend and linen fabrics. Coteb also produces garments, all for local government tenders. All fabrics used for garments are imported, with the exception of Coteb (whose fabric quality is an issue). A fourth company was to start in 2013. There are also a number of talented designer-wear manufacturers that are more tailoring/artisanal than commercial. Lolo Andoche and ANC source fabrics from Europe and Asia and could be linked to U.S./EU buyers.

Burkina Faso. Filsah, the country's only spinning mill, produces OE carded cotton yarns for the local market (hand weavers and crochet yarns) and exports to Egypt and Italy. In March 2012, a new building was set up to house its spinning mill expansion, which should take its capacity to some 8,000 mt per annum.[8] Filsah has the potential to supply the likes of CBT in Benin to restart its wide-width looms to produce sheeting fabrics, amongst others. Links with knitters in Côte d'Ivoire should be explored, as well as with knitters in Cameroon. A stand-alone fabric printing company, Fasotex/Fasofani (which was a vertical mill until spinning and weaving closed down), was privatized in 2006 and was printing about 300,000 lm per month. A 2010 article described plans to re-equip its weaving plant.

Cape Verde. Although there were commercial garment manufacturers as far back as 2004, it appears that only fashion designers/tailoring operations were left in 2013.

Côte d'Ivoire. Two vertical mills were operational in the early 2000's (COTIVO and Utexci) and one stand-alone wax printing company (Uniwax). Utexci is now closed, and COTIVO appears to be operating at no more than 10 percent of its capacity, with extremely old equipment. In May 2013, the government announced that COTIVO would be privatized, but no buyers have yet been found. Two companies, Seritex and Challenger, produce knit fabrics, dye, sew garments, and have embroidery and printing equipment. They have a combined capacity of some 150 mt/month of knit fabrics and employed 600 people between them in 2010, but the fabric quality was poor. The two knitting companies were sourcing some of their yarns locally and also importing. In 2010, another company, DIMO, installed new knitting machines with a capacity of 10 mt per month to produce T-shirts (capacity would be about 40,000 units per month). With COTIVO operating at very low utilization rates, it can be assumed that

[7] Lineal meters is used when fabrics can be anything from 1.2 to 1.8 meters wide, whereas when dealing in square meters, the fabric has taken into account the length and width of the fabric being produced.

[8] Originally planned capacity was for 600 mt per month (7,200 mt/year) —in 2010 by an Indian company (Alok Industries) to export yarns to their knitting plant in India. The delay was linked to communications between the parent company and Victoria's Secret.

the bulk of yarns for knitting are imported. This is a target market for new/revived spinners. Seritex, Challenger, and DIMO have potential for garment exports to the U.S. as well as regional trade in knit fabrics.

Gambia. The textiles industry only consists of artisanal hand weaving. In apparel, Ripple Dye has closed. Malick Mendy Tailoring "commercial" garment manufacturing operation (of workwear, uniforms, sportswear, sleepwear, and knit garments) moved into a new factory building in late 2011/early 2012, with 55 machines and employing 75 people.

Ghana. ATL, a vertical textile mill, is in full operation (75 percent of capacity), producing African prints. Another vertical mill (Volta Star) has been operating on and off and is effectively being subsidized by the government. Two stand-alone printing companies (wax and fancy) are also not operating at capacity, due to a deluge of African print imports.

Ghana boasts at least 15 commercial garment manufacturers, of which several have at one stage or another exported garments (woven and knit) to the U.S. However, four are currently standing idle (1,150 machines). The other companies have about 2,150 combined machines, but only four are significantly exporting (1888 Lucky Mills to the U.S. and Walmart; Global Mamas to several U.S. customers; Cadling/KAD to select U.S. customers/fashion; Sixteen 47 is sending small amounts of fashion to the EU). Dignity Garments is set to start exporting in June 2014. Smaller exporters are Nallem (U.S. 10 percent, Uganda 30 percent, but only 60 machines), Royal Dennis (U.S. 10 percent, regional 20 percent, all in 2012). Most companies essentially produce for the local market and operate at not more than 20 to 25 percent of capacity.

If all machines were fully operational, they could be employing around 5,000 people and producing approximately 1.2 million units per month (average of trousers, workwear, shirts, knit garments) or, if ***only*** T-shirts, they could be producing 2.5 million units per month. If this was all on a pure CMT basis, the sales value could be $2.5 million per month for just T-shirts; if on a full package basis, the value could be around $6.25 million per month (plain basic T-shirts—conservative value).

One company alone, 1888 Lucky Mills, was exporting some 100,000 garments per month in 2012, and although volumes diminished to 50 percent of capacity, the firm is once again recruiting the staff to retrench as orders are rebounding. Another company (Liberty & Justice) set up to produce 60,000 trousers per month for Haggar in the U.S., but has closed and returned to Liberia.[9] 1888 Lucky Mills exported 100,000 units per month in 2012 of scrubs/medical garments and chefs jackets to Walmart. Global Mamas exported $1 million in 2011, and requested factory space in Tema for expansion; the company was having difficulty keeping up with demand in 2012. Itochu, a buyer for Haggar, was impressed by Dignity Garments, Lemdor, and Precious Textiles & Garments with respect to factory lay-out and companies to do business with. Another company that has exported (to Superior Uniform Group [SUG], Haggar, and others in the past) is Sleek Export Garments. All companies are using imported fabrics. 1888 Lucky Mills is connected to two textile mills in India and Bangladesh and a marketing company in the U.S. Another company that is doing well is Dignity DTRT. Dignity has recently been visited by a large buyer that placed additional orders. Fabrics for this order were placed immediately and will be shipped shortly.

Liberia. Liberty & Justice, a Fair Trade sewing company, was set up in 2010 with an initial capacity to produce about 20,000 T-shirts per month for export to the U.S. The eventual plan was to increase this to 200,000 units per month. The owner subsequently leased the building and machinery of Premier

[9] Reasons given have been mixed and will need further investigation.

Quality in Tema, Ghana, to produce trousers for the U.S. market. The factory got off the ground in the third quarter of 2013, starting with 6,000 trousers per month to be ramped up to 60,000 per month, but it later closed down for reasons that have not been made clear.

Mali. Three textile mills wre operational in 2013: two vertical (Comatex and Batex-ci) and one a stand-alone spinning plant (Fitina, owned 15 percent by a Mauritian company with the balance owned by the Malian government). Fitina has potential for yarn exports into the region for weavers and knitters. Fitina closed in 2006, but restarted mid-2011, and in 2013 was reported to be using between 2,500 and 3,000 mt of cotton per annum to produce OE and RS yarns for export[10] to Côte d'Ivoire, Guinea, Tunisia, and Morocco. Comatex (a Chinese–Malian government joint venture) has the capacity to consume 2,000 mt of cotton per annum and produce 10 million lm of greige fabrics per annum, part for African prints and part for cotton picking bags (farmers) and cotton lint bale wrap. This plant closed in 2013 due to a dispute[11] with the government, and 1,500 employees were put on technical leave. Batex-ci has seen public protest over precarious working conditions due to very old, run-down equipment. Cotton is sourced from Mali at subsidized prices. Sababu Conscious Clothing, a commercial garment manufacturer, was set up in 2010 to produce T-shirts, with a capacity to produce 10,000 units per month for export to the U.S. It has exported, but in 2012 stood idle for some months due to two large cancellations of U.S. orders due to the quality of fabrics sourced from Côte d'Ivoire. Sababu has subsequently closed.

Niger. HT Creations was one of the few garment manufacturers (of shirts) in Niger. The owner became Ambassador to Mali, so the company may no longer exist.

Nigeria. Nigeria has a significant textile and apparel industry, currently with 25 textile and garment factories, which could not be properly assessed in time for this initial report. The last industry-wide information was assembled in 2009.[12] The industry employed 24,000 people in 2009 (down from 137,000 in the late 1990s). Power costs are high, with diesel generating 70 percent of energy requirements in textile/apparel companies. Smuggled goods account for at least 85 percent of Nigeria's $1 billion market. Sam & Sara Ventures, a garment manufacturer with 500 industrial sewing machines, was to do its first export shipment in 2011 as part of a $1.2 million export order (for Chet Wear in the U.S.).

Senegal. Information also needs to be updated on the industry in Senegal. In late 2010, Kohone Sotexka had installed new sewing machines capable of producing of 7,000 T-shirts per day. On the garment front is EGA Confection, as well as three other factories with between 50 and 100 machines. A 2011 confidential report from a visit by SUG, a major U.S. buyer of workwear and medical garments (scrubs etc.), found that wages were too high, productivity very low, and companies not competitive for the production of commodity garments. The balance of garment manufacturers is artisanal producers (batik garments, home décor, etc.). Apart from a very good gin in Senegal, investors appear to want to avoid Senegal, citing a highly politicized and corrupt environment.

Sierra Leone. Sayenu Industries, a relatively small garment manufacturer, was as of May 2011 still looking for finance for its factory. The Adonai Garment Factory (Africaribe Group) put a business plan together in early 2012 requesting technical assistance from WATH for a planned new garment factory.

[10] This mill was originally set up to supply a major knitting company in Mauritius, but experienced too much contamination. As it today still does not supply the Mauritian knitter, we assume contamination may still be an issue.

[11] Dispute appears to be around the Malian government having clamped down on illegal African print imports and exports.

[12] CTC Industry Revival Scheme Dec 18, 2009, was supposed to be start of Naira 100 billion injection of funds to kick-start the industry, to be funded by proceeds from Naira 100 billion bonds to be floated by Debt Management Office. Not heard much more since then.

Togo. Has no discernible textile industry. One commercial garment manufacturer, BBI Groupe (80 modern industrial machines in a proper factory set-up), was put up for sale in 2010.

DISCUSSION OF THE VALUE CHAIN SELECTION CRITERIA

The textile and apparel value chain in West Africa has the ability to boost its local, regional, and export sales considerably.

- **Textile.** Recent investments in ***spinning*** mills include expansions, re-investments, and greenfields. There is room to expand regional trade by linking weavers/knitters with spinners; these groups are generally not aware of each other. No recent investment has been made in ***weaving.***[13] This is a key missing sector, but unless it also makes garments for export, it is unlikely to happen as local markets are swamped by second-hand clothing.
- **Knitting.** Opportunities abound, especially forward integrated into garments for export, which have already drawn investments. Existing spinners who are not being used to capacity, with additional raw materials could generate increased regional trade.
- **Apparel.** Ghana in particular has the potential to massively increase employment, garment output, and dollar earnings from exports, following a lull of five years. After further buyer visits/inward missions, orders should rebound, leading to more factories running at capacity. Potential for factory relocations, particularly to Ghana (because of its low CMT cost), is also high, and some companies have made tentative enquiries. Other countries, such as Benin and Côte d'Ivoire,[14] also have potential, but will require more effort to improve quality, productivity, and middle management skills (quality control, supervisory staff, merchandising, and factory management). Once companies in Benin and Côte d'Ivoire[15] are running at capacity, they will need heavy promotion as well as buyer visits.

MARKET INFORMATION

Yarns. Based on estimated knitting yarn requirements for third-party sales in Côte d'Ivoire, there could be a potential of 150 mt per month (RS and some OE) in regional trade. Weaving could provide a further 150 mt per month, mainly OE (Benin and Mali, and potentially Côte d'Ivoire).[16] There is still considerable potential to explore yarn exports to the EU. (One mill in Zambia used to supply just two German yarn wholesalers with 1,000 mt of yarn per month.) Other possibilities are the large yarn markets of China and India, as well as South Africa.[17]

Fabrics. Little if any regional trade is likely to materialize, except in traditional wax and fancy prints, where there is already considerable regional trade. Most West African countries are inundated with illegally imported African print fabrics as well as general apparel fabrics, which makes most locally produced fabrics uncompetitive. Outside the region, there are no major markets for these fabrics.

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[13] Although a denim mill was to be established by Filsah for forward integration, but this did not happen.

[14] In March 2013, Cote d'Ivoire finally obtained its AGOA visa.

[15] The Investment and Trade Promotion Association (APEX-CI) in Côte d'Ivoire requested that WATH assist the industry at the time of project close out.

[16] Although Cameroon has had a limited role in the Trade Hub's geographic area, it should not be ignored when dealing with the spinning industry in the other countries, as there are opportunities to supply yarns to Cameroon's woven and knit fabric industry.

[17] In an exercise some years back, Filsah's yarns were, even with duties and transport, competitive. The problem was fear of contamination in target markets such as South Africa.

Should a Fitina or Filsah be able to supply companies like CBT in Benin with OE yarns, they may revive their wide-width looms weaving section for sheeting fabric exports to the EU.

Apparel. There is a minimal regional market for commercial garment manufacturers (100+ machines). Most West African countries are swamped by second-hand imports. The only realistic markets for commercial apparel manufacturers are the U.S. and the EU. Garment manufacturers targeting the EU command higher margins (5 to 8 percent), but the volumes are smaller than the U.S., where margins are only 2 to 3 percent. EU buyers tend to require more fashion items (apart from work wear and basic, unprinted T-shirts), and only for men's garments, since the women's fashion cycle is too fast for West African producers. The U.S. market is crucial, where demand is approximately 60 percent of total apparel is for knits and the balance for woven garments.

Before the financial crisis of 2008, Ghana was exporting $6 to $8 million per annum. Exports were only $1.3 million in 2011, $2.8 million in 2012, and $2.7 million in 2013. With the uptick in the U.S. economy and China's ever-increasing labor costs,[18] Ghana is, even with fabric imports and transport costs, competitive. As issues like access to finance, especially for full package orders, are sorted out, and better communication, quality control, supervisory and merchandising is put in place,[19] there is no reason why Ghana could not once again attain its previous export numbers and even surpass them.

COMPETITIVENESS

Contribution to Economic Growth: Potential to Increase Trade

Ghana has the potential to once again reach $6 to $8 million in exports to the U.S., on a CMT basis alone (See section on Ghana above). It could take these exports considerably higher if some companies were directed toward full package production. A key issue is access to finance; borrowing costs are high, since six months can elapse between ordering fabrics and receiving payment for goods shipped. Past performance has shown this can be done.

Furthermore, Africa is seen as the "next" sourcing destination by many American companies and importers, although mostly so far directed at Lesotho, Kenya, Madagascar, and Mauritius. Ethiopia is also emerging, with companies such as H&M setting up offices in that country.

West Africa can also participate. Ghana's per-minute production cost (CMT) is approximate $.05 to .06, comparable with Madagascar ($0.06), previously a major exporter of garments to the EU, South Africa, and the U.S.

Many companies have and some still are sourcing from Ghana, including Walmart, Itochu/NYPRO, TNO, Skipper International, Cintas, A-Propos/Stone & Star, Clipper Corporation, and Haggar. Recently PUMA is reputed to have developed a joint venture with Dignity Garments.[20]

Potential to Create Jobs

Ghana alone could employ some 5,000 people in this value chain, mostly (perhaps 75 percent) women. The follow-on effect (transport, housing, food, etc.) would provide jobs for a further 2,000 people.[21]

[18] As of early April, wages in China rose between 11.4 percent and 12.3 percent to reach $290/month in Shanghai and $225/month in Beijing.

[19] Such was the case with the BDSF "Flying Squad:" an immediate increase in export orders of 50,000 units per month.

[20] Exact current status is still to be verified.

[21] With some 3,500 machines installed, the ratio of machinists to other employees (cutting room, quality, control, supervisors, packing, and dispatch) is 1.4 (conservative) to as high as 1.7. The conservative ratio has been used. It is commonly accepted that industry-supporting jobs are created in an amount equal to 40 percent of the number of apparel jobs.

Based on experience from WATH, an estimated 50 percent of this potential could be realized within five years.[22]

Potential to Attract Investments[23]

Greenfield entries are unlikely at this stage. However, with a considerable number of factories lying idle and others starved of orders, there is considerable potential to explore joint-venture-type investments, where the buyer either leases the building and equipment to produce garments or where it invests in crucial middle management such as quality controllers, supervisors, and merchandisers, and—in some cases—factory managers until the necessary capacity and capabilities have been transferred.[24]

One hopeful sign: New Wide (www.newwide.com) has two factories in Kenya and one in Lesotho, and is looking at possible relocation and expansion to Ghana.

IMPACT ON FOOD SECURITY

Number of Households Participating/Potentially Participating

The medium-term potential of apparel industry employment in Ghana is 5,000[25] people, resulting in significantly higher household income. A further 400 to 500 total households could benefit, including Benin (50 to 100), Cameroon (200), and Côte d'Ivoire (100 to 200). This does not count jobs in supporting industries, as mentioned above.

RECOMMENDATIONS

The cotton, textile, and ***apparel*** value chain is recommended for Trade Hub collaboration, mainly because it has in place the industrial sewing machines and trained operators in commercial factories to regain production volumes and exports ($6 to $8 million to the U.S. alone) lost after the 2008 financial crisis—particularly in Ghana, and to a lesser extent in Benin and Côte d'Ivoire.

Ghana alone, with existing equipment, has the potential to employ 5,000 people (current employment is estimated at less than 1,000), mostly women. Existing factories could produce a wide range of woven and knit garments, with an installed capacity of approximately 1.2 million units per month (average for all types of woven and knit garments) or 2.5 million T-shirts per month. Added value is also in place with embroidery and printing. Greenfields investments are unlikely to happen overnight, but several joint venture investment opportunities beckon.

On the ***textile*** front, five semi-vertical factories (knit, dye/print, and make garments) need the right regional yarn connections (new and re-investments) to close the "missing middle" of the value chain. This is unlikely to happen on the woven fabric front. Another important issue is timing. As the U.S. economy slowly improves, U.S. retailers and importers are beginning to target Africa as the next sourcing destination (as are EU buyers), although attention is still very much focused on Southern and East Africa. It will be crucial to raise the awareness of opportunities in and potential of West Africa.

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[22] This would require someone full time at the Trade Hub to monitor and advise the industry, or a part-time advisor but with the continuation of the now-BDSF-funded "Flying Squad" program.[22]

[23] Also refer to "Adding value to West African Cotton." WATH/Accra Technical Report No. 21, Tables 2 and 3, pages 4 to 10.

[24] This was the aim of the BDSF "Flying Squad" in 2012.

[25] Approximately 75 percent of the employees are women.

Designer/West African print "fashion" manufacturers should not be ruled out in terms of the local and regional industry and potential export markets, but should be given selective technical assistance. They tend to require a great deal of effort for relatively little return.

ANNEX 3: AQUACULTURE/ SEAFOOD VALUE CHAIN

DESCRIPTION OF THE VALUE CHAIN

PRODUCTS IN THE VALUE CHAIN

The sustainable fisheries and aquaculture value chains include the following products: 1) wild-catch fisheries, which are considered sustainable because of their ecological parameters (e.g., sardinella of Senegalese origin); 2) managed fisheries, which have been developed according to sustainability criteria (e.g., the tongue-sole fisheries of Senegal and Gambia, with their by-catch, and the artisanal shrimp value chain of Senegal); and 3) freshwater species raised in aquaculture operations, including cage culture of tilapia in Ghana and Côte d'Ivoire,[26] integrated production systems of rice and tilapia in Mali, and catfish in Nigeria.

Food and Agriculture Organization (FAO) fisheries statistics summarized in Table 11 and Table 12 make it readily apparent that annual demand for fish in West Africa considerably exceeds supply. This is particularly true in the inland countries, but also in the three main consumer countries of Côte d'Ivoire, Ghana, and Nigeria—all of which are producing countries with unmet demand (as reflected by imports) of over 1.8 million mt of edible fish products, valued at more than $2.5 billion.

Table 11: West Africa Fisheries and Aquaculture Production and Consumption

West Africa Fisheries and Aquaculture Production and Consumption					(FAOSTAT data)	
		2011	***production***	***consumption***	total	protein
Country	Capture	Aquaculture	Total	MT*	kg/capita/yr	g/capita/day
Benin	38,848	370	39,218	65,575	7.6	2.1
Burkina Faso	15,000	205	15,205	26,955	1.7	0.5
Cape Verde	22,500	-	22,500	5,684	11.6	3.6
Côte dIvoire	71,719	3,394	75,113	248,144	12.8	3.9
Gambia	45,000	25	45,025	45,179	26.9	7.8
Ghana	333,524	19,092	352,616	676,052	28.4	9.5
Guinea	115,000	20	115,020	100,289	10.3	2.9
Guinea Bissau	6,750	-	6,750	1,866	1.3	0.4
Liberia	8,000	20	8,020	18,245	4.8	1.3
Mali	108,134	2,083	110,217	115,086	7.7	2.1
Mauritania	372,011	-	372,011	65,284	19.3	6.3
Niger	53,173	85	53,258	30,834	2.1	0.6
Nigeria	635,486	221,128	856,614	2,205,013	14.3	3.9
Senegal	427,133	335	427,468	288,491	23.8	7.1
Sierra Leone	199,000	45	199,045	141,648	24.7	7.2
Togo	24,122	20	24,142	43,953	7.4	2.2
	2,475,400	*246,822*	**2,722,222**	**4,078,298**		*2009 figures

[26] Ofori et al. "Producing Tilapia in Small Cage in West Africa." *WorldFish Center Technical Manual 1952.* 2009.

Table 12: Balance of Exports, West Africa Fisheries, 2008–2011

Balance of Exports, West Africa Fisheries 2008-2011 (in US$1,000)									
	export		($1000)		import		($1000)		**ratio**
	2008	2009	2010	2011	2008	2009	2010	2011	(exports/imports)
Benin	33	156	1,342	1,923	32,101	27,675	1,923	31,227	**0.04**
Burkina Faso	1,159	1,025	654	625	6,483	9,079	9,081	10,002	**0.10**
Cape Verde	9,317	25,729	37,519	56,050	3,288	3,019	2,354	3,686	**10.42**
Côte dIvoire	198,535	170,266	111,921	93,684	398,366	363,543	288,971	337,363	**0.41**
Gambia	2,775	5,168	6,785	5,393	800	792	1,486	772	**5.23**
Ghana	44,133	53,922	55,188	55,832	128,725	121,385	146,368	281,394	**0.31**
Guinea	5,482	7,347	7,672	9,023	917	3,905	4,321	4,922	**2.10**
Guinea Bissau	2,198	2,059	3,438	2,681	1,684	1,456	708	1,247	**2.04**
Liberia	642	996	1,199	693	6,154	3,583	5,413	6,328	**0.16**
Mali	130	165	84	252	7,795	9,939	11,663	11,104	**0.02**
Mauritania	143,340	135,169	209,004	313,120	191	430	827	722	**368.96**
Niger	400	326	563	789	1,303	1,362	1,801	1,188	**0.37**
Nigeria	72,300	146,931	154,608	83,824	618,062	786,075	973,724	2,027,797	**0.10**
Senegal	222,956	242,176	239,190	307,455	2,825	1,148	5,796	17,448	**37.17**
Sierra Leone	10,126	10,399	10,685	11,218	3,466	4,052	2,859	3,442	**3.07**

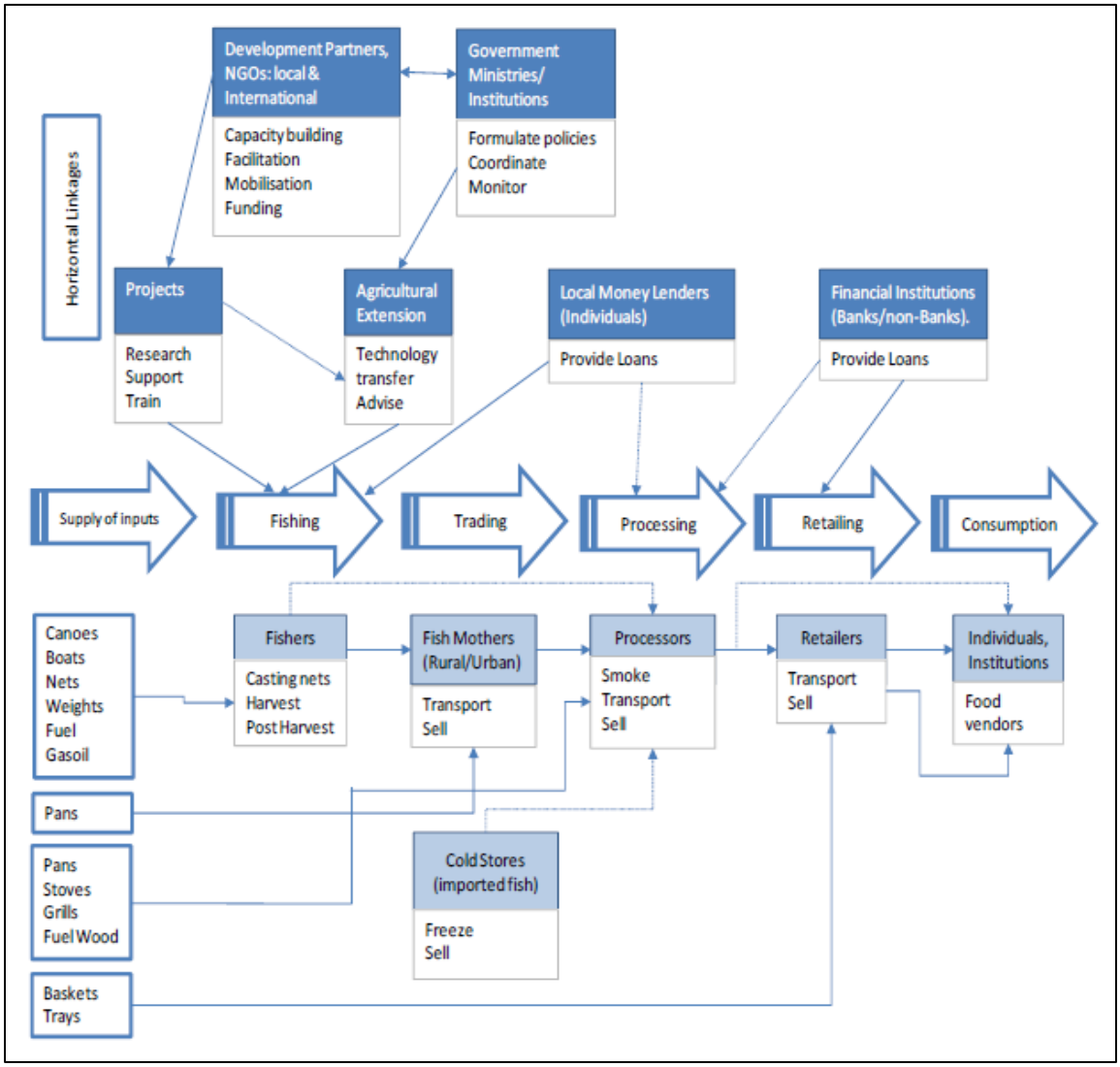
Given the narrow focus required for Trade Hub value chain selection, this selection report focuses on the relatively high-volume and sustainable value chain of Senegalese sardinella as a food and nutritional security resource for West Africa. Freshwater aquaculture provides another opportunity, however, for investment (particularly for tilapia in Ghana, Mali, and Côte d'Ivoire and for catfish in Nigeria), while export opportunities for sustainable wild capture marine value chains (Senegal and Gambia) may also be significant.

Small pelagic species constitute the bulk of all fish landings in Northwest Africa and are the most important marine resources in the sub-region, especially in terms of food fish supply. Of these, sardinella species are the most widely traded within West Africa as smoked fish. These fish mostly originate in Senegal; they provide relatively inexpensive animal protein for urban and peri-urban consumers in Côte d'Ivoire, Ghana, and Nigeria as well as in the inland countries. While whole smoked sardinella is the main product traded across West African borders, even the broken residue of traded sardinella has value to the very poor urban and rural populations of the Sahel, who can afford no other source of animal protein.

There are two species of sardinella on the Atlantic coast of West Africa: *Sardinella aurita* (or Round Sardinella) and *S. maderensis* (or Flat Sardinella). The abundance of these two species is greatest in three cold water upwelling eco-regions: one from Mauritania to southern Senegal (Canary Current and Guinea Current eco-region); the second in the western Gulf of Guinea (Ghana, Côte d'Ivoire, Togo, and Benin); and the third from Gabon to Angola. The sardinella populations are distinct between these three regions, since the currents are not conducive to movement between populations.

According to the USAID's Collaborative Management for a Sustainable Fisheries Future (COMFISH) project in Senegal on sardinella, the official figures for regional catch of Northwest African sardinella total about 667,000 mt per annum (2007–2011 average), although this does not include a very large illegal, unreported, and unregulated (IUU) catch. The Senegal artisanal average annual catch is 260,000 mt, with a high of 375,000 mt reported in 2009. About 70 percent of fish landings in Senegal are sardinella (about 182,000), and about 70 to 75 percent of fish consumed in Senegal are sardinella. Fish accounts for 75 percent of animal protein in the Senegalese diet.

Figure 1: The West African Smoked Sardinella Value Chain



Source: WorldFish[27]

CURRENT STATISTICS/INFORMATION

Global fishery exports are an $80 billion industry. Marine capture fisheries produced about 80 million tons of fish and seafood in 2008. More than half of the annual take is traded across international borders, and an estimated 95 percent of the world's fishers live in less-developed countries.

Global wild capture fisheries resources are highly stressed, with 87 percent of stocks either overexploited or fully exploited. For this reason, after some initial success in the seafood value chain of Senegal (2002–2003), the WATH project was obliged to curtail support to the seafood value chain following a revised Initial Environmental Examination that determined that increased demand would lead to increased overfishing unless management systems were established to promote sustainable

[27] WorldFish. "Smoked marine fish from Western Region, Ghana: a value chain assessment." 2011.

production systems. Senegalese sardinella represents an important example of a sustainable wild-catch fishery already serving West African regional demand.

Of the 182,000 mt Senegalese sardinella catch, an estimated 88 percent is consumed in Senegal. About 32,000 mt of Senegalese sardinella, valued at an unprocessed minimum of $7 million, is traded along West African regional markets, for an estimated retail value of over $15 million. While some is traded fresh by refrigerator trucks and ice boats (to Mali, Mauritania, and Guinea), most is preserved by smoking and drying and is transported by trailer truck to neighboring countries (Mali, Guinea, Côte d'Ivoire, Ghana, Togo, Benin, Nigeria) and as far afield as Cameroon, Gabon, Congo, and the Democratic Republic of Congo (DRC). About 70 percent of fish consumed in the West Africa region is smoked.

MAIN VALUE CHAIN ACTORS

Current USAID-supported projects being implemented in West Africa by the University of Rhode Island Coastal Resources Center (CRC) are working to address the sustainability of wild capture fisheries through sustainable management systems. These including the COMFISH, the Gambia-Senegal Sustainable Fisheries Project (*Ba Nafaa*), and the Integrated Coastal and Fisheries Governance (ICFG) Initiative for the Western Region of Ghana. The Gambian sole fishery is being developed into a multispecies demersal (seabed) fishery that includes catfish and the conch-like mollusk *Cymbium* to serve regional and international markets, with potential for leveraging increased investment by the major German food retailer Kaufland and other European importers.

Main actors in the sardinella value chain include artisanal fishers (usually male); the (predominantly female) processors (about 75 percent are involved in artisanal drying and smoking of small pelagics (predominantly sardinella); and the men and women involved in transporting, washing, and scaling fish. Processed fish marketing is dominated by women, and includes large-scale wholesale buyers who purchase from processors and sell to small-scale retailers in regional and local markets.

DISCUSSION OF VALUE CHAIN SELECTION CRITERIA

MARKET INFORMATION

According to the CRC, the commercial value of the 2011 round sardinella catch was valued at about $34 million in 2011 (this is value at landing, not processed value), while flat sardinella was valued at $24.3 million. Regional cross-border trade in fisheries products is poorly documented in West Africa, but the general trade flows are from Senegal (or Mauritania, where Senegalese fish are often landed to avoid quota restrictions or taxation) to Mali, Côte d'Ivoire, Ghana, and Nigeria.

COMPETITIVENESS

Contribution to Economic Growth: Potential to Increase Trade

The contribution of this value chain to increased trade would be focused on the Senegal and Gambia markets in the immediate term, since this is where the fisheries that support their production are based. The informal nature of much of what is transported and marketed throughout the region is a significant challenge to increasing and documenting increases in trade at the regional level.

Potential to Create Jobs

According to the CRC, artisanal sardinella processing currently employs about 40,000 people, including not only processors, who are predominantly women, but also the men and women involved in the transportation, washing and scaling of fish.

Potential to Attract Investments

There is scope for investment in improved processing of small pelagics, including sardinella, for regional trade. Attention would need to be paid to product quality and food safety, as well as to sustainability criteria (both social and environmental), including the use of solar drying methods in place of wood-fuel.

IMPACT ON FOOD SECURITY

As extremely nutrient-rich foods, fish and other marine animals provide protein; essential vitamins A, D, E, and B complex; key minerals iron, zinc, selenium, and iodine; and omega-3 polyunsaturated fatty acids, which are critical requirements of normal growth and development of the brain and neural system, particularly important for pregnant women and nursing mothers (FAO/WHO 2011). Over one billion people in 58 low-income countries depend upon fish as their primary source of animal protein, including in coastal West Africa where over 50 percent of essential dietary protein requirements are met by consumption of fish and seafood. West Africa spends well over $1 billion each year on seafood imports to supplement its dwindling natural stocks, leaving great potential to increase marine culture and freshwater aquaculture to meet domestic requirements and to expand regional and international trade opportunities.

Number of Households Participating/Potentially Participating

There are about 12,000 artisanal fishers in the small pelagic fisheries of Senegal (predominantly sardinella), and about 28,000 other people involved in the value chain.

Extent of Geographic Dispersal in West Africa

Among the ECOWAS countries relevant to the Trade Hub, only Senegal (and possibly Gambia) is seen as relevant to sustainable seafood value chains. In Ghana, where 40 to 60 percent of animal protein is from fish, CRC project reports indicate a current annual catch of sardinella by the artisanal fleet of about 20,000 mt, down from a peak of 140,000 mt in 1992. Although Ghanaian smoked sardinella is traded as far away as Burkina Faso and Mali, it is not considered a sustainable industry. This is indicated by the increasing divergence between declining exports and increasing imports of fish products in recent years.

RECOMMENDATIONS

Marine fisheries are among the FTF focus value chains in Senegal and Ghana in particular. The "success story" of Senegalese sardinella is particularly compelling for inclusion in the Trade Hub portfolio, due to its considerable (and growing) strategic importance to food security and regional trade and its artisanal employment (particularly for women) in the context of uniformly increasing demand for fish products across West Africa. This value chain is strongly recommended for inclusion in the project's list of target value chains. In addition, there are opportunities for investment support for freshwater aquaculture elsewhere, particularly in Nigeria, Ghana, Côte d'Ivoire, and Mali.

ANNEX 4: CASHEW VALUE CHAIN

Cashew *(Anacardium Occidentale*) is a tropical tree crop producing an edible high-value nut. It is of South American origin, and was introduced in African and Asian countries many centuries ago. Cashew is a dominant crop in West Africa. It produces high-value export products—the nuts and processed kernels. Cashew apple-based products can also be marketed for human consumption. Cashew nut shell liquid (CNSL) also has industrial uses.

Cashew is a global value chain. The primary production comes from about 30 countries in Asia, Africa, and South and Central America. The raw nuts are mostly processed in Asia, with some processed in South America. The largest end-markets are in India (60 percent of world production), the U.S., East Asia, and Europe.

World raw cashew nut production ranges from two to three million metric tons (mt).[28] India and Vietnam account for 40 percent of the world production, and 11 West African countries produce about 35 percent. West Africa accounts for about 75 percent of the total quantity produced in Africa. The producing countries in West Africa include Benin, Burkina Faso, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Mali, Nigeria, Senegal, and Togo. More than 90 percent of this production is exported as non-processed raw nuts, mainly to India; less than 10 percent is processed in the region, both for export and for limited local consumption. Benin, Côte d'Ivoire, Guinea Bissau, and Nigeria represent more than 80 percent of the West African production; Burkina Faso, Ghana, and Senegal account for about 12 percent.

DESCRIPTION OF THE VALUE CHAIN

The cashew value chain is simple and straightforward. The vertical operations of the cashew value chain include:

a) Shelled cashew nut exports

Smallholder farmers are the key actors. They are directly involved in harvesting, sorting, drying, and sometimes bagging the nuts. They supply them to aggregators (including collectors or local buying agents [LBAs]) or directly to exporters' agents. Exporters' agents are wholesale or semi-wholesale dealers who supply to local or (typically) Indian exporters. Value addition comes through harvesting, drying, and packing the nuts in jute bags.

Exporters, after controlling quality through their own agents, dry and re-bag the nuts and ship to international buyers, mainly in India. Quality control, drying, grading, and bagging before shipping are key operations; Indian buyers have their own agents in-country during the season.

The raw nut exporting operations are seasonal—generally from February to August in West Africa, with sub-regional variations in timing.

Updated, accurate export values for cashews were not available from accessible sources. Prices vary at every level. The free-on-board (FOB) price in 2014, as reported by some exporters, is $800 to $1,100 per metric ton. On this basis, with a (conservative) estimate of production of one million metric tons,

[28] Varying sources report differing global production levels of raw nuts.

West Africa's export value of only nuts with the shell is about $975 million (at an average value of $975/mt).[29]

b) Kernel processing

The key actors include ***small-scale and industrial-scale level processors***, numbering a very few in each country. Some are primary processors who only extract the kernel by shelling the nut. There are also some secondary processing activities, ranging from roasting to various other forms of downstream value addition, as well as packaging in bulk or for retail sale. The value addition at primary processing is estimated to be 20 to 30 percent above the value-per-ton of raw nuts.

The recent introduction of a shelling machine from Sri Lanka has revolutionized the potential for local processing. In place of hand-shelling of cashew nuts, an electrically powered shelling machine can now produce more than 100 kg/hour. Processors in several countries have started using this machine.

The locally processed nuts are sold in a variety of markets. Many street vendors sell processed nuts in the cities. This is a common practice in Nigeria. Productions from industrial units are also available at retail shops and supermarkets. However, the production from organized industries is mainly exported. Cashews are not a traditional item in African diets; the local market for cashew is thus quite limited.

c) Cashew apple processing

The apple is not widely used or consumed. It is used locally in some countries (notably Guinea Bissau), by domestic industry to create a beverage. Jams, juices, and fermented products are sometimes produced at a small scale. There is also some fresh consumption of the apple.

The cashew value chain has increasingly become a dynamic income-generator over the past few years. This has resulted from several supporting mechanisms, including:

- Private investment
- The African Cashew Alliance (ACA), a platform for the cashew sector covering all the cashew-producing countries in Africa, which provides members with information, assistance, networking opportunities, and technical support
- The African Cashew Initiative (ACi), which delivers technical assistance, primarily at the farmer level (production and processing) in several countries in the region
- Supportive national-level organizations
- Continued technical assistance provided by USAID and several other donors (including the German Society for International Cooperation (GIZ), the UK Department for International Development (DFID), and the International Fund for Agricultural Development (IFAD)
- NGOs and public sector interventions

The cashew sector in West African countries demonstrates visible dynamics in terms of vertical integration through clearly identifiable value chain actors, and supporting facilitators and stakeholders. However, the value chain's full growth potential has not yet been reached. Neither have its potential for

[29] A conservative but rough estimate based on estimated data.

increased competitiveness in West Africa and long-term sustainability. Table 13 below shows some of the key challenges that impact the cashew value chain's growth and competitiveness.[30]

Table 13: Cashew Value Chain Challenges

Key Challenges to Growth and Competitiveness	Reference Benchmarks from Other Countries	West Africa Situation
Increased value addition at origin through processing	• India, Thailand, Vietnam, and Sri Lanka process almost all of their local production. They import additional raw nuts to meet market demand for kernels.	• More than 90% of production is exported as raw nuts. • Total dependence on one or two export destinations. • Opportunity for substantial increase in value added (30% local value addition) remains to be achieved
Yields per area cultivated	• India: 825 kgs/ha • Vietnam: 600–1200 kg/ha • Brazil: 1,000 kg/ha • Widespread use of improved varieties	• 350–600 kgs/ha • Potential to dramatically increase production
Varieties and age of trees	• Improved and regular replacement of high-yielding varieties. Special incentives for replanting.	• Trees are typically 8–30 years old. • ACi initiatives ongoing to promote nurseries and replanting
Access roads and storage facilities	• Substantial and specific facilities for storage, warehouse receipts	• High unit costs for transport • Lack of storage, compelling farmers to sell quickly
Unit value/costs	• Competitive price per unit processed in the marketplace • Low unit costs and high volumes processed	• Actors in the value chain receive low margins • High production and processing costs • Low productivity and significant post-harvest losses
Market for kernels and other secondary products	• High local consumption of and special market for off-grades, splits, and residues in Asian countries	• Limited local consumption; cashew is not a traditional food item • Limited market for splits and residues
Organization of the value chain	• Organized farmer organizations	• Weak farmer and other local organizations • At the regional level, ACA is effective and fills a substantial need
Specific research and development (R&D) for value addition of by-products; development of hybrid varieties	• Substantial public sector R&D in. India, Vietnam, Thailand, and Sri Lanka • Specialized R&D on adding value to cashew apples, hybrid varieties. • Cashew training in India (Kerala Agriculture University), Vietnam, and Thailand	• Inadequate or no R&D to support value chain by public sector or research institutes
Organization of the sector	• Local-level farmers' organizations of the sector are promoted	• Weak or non-existent

Source: Author's investigations with stakeholders, April/May 2014

PRODUCTS INCLUDED IN THE VALUE CHAIN

Value chain interventions and support to increase competitiveness are vital in following product areas:

- Promoting and attracting investments into local value addition for primary and secondary processing of kennels
- Promoting market development for kernels at the local, sub-regional, and export levels
- Realizing the local value addition potential of cashew apples

CURRENT STATISTICS/INFORMATION

Cashew producing countries in West Africa	11 countries[31]
Regional production (volume)	One million mt (2012)[31]
Regional production (percent of world total)	35 percent (of raw nuts)
Number of participating households	Two million households
Value of West African cashew production	More than $975 million/year (based on 2014 average prices)
Price received per metric ton (2014)[32]	$850 to $1,100

Table 14: West African Cashew Production by Country

Country	Percentage of West African Production
Côte d'Ivoire	45%
Benin	17%
Guinea Bissau	13%
Nigeria	10%
Ghana	4%
Senegal	4%
Burkina Faso	4%

Source: Discussions with stakeholders in April/May 2014 in Ghana

The region exports about 90 percent of its production to India and Vietnam in the form of raw nuts. Only 10 percent of regional production is locally processed, including in Ghana (57 percent), Côte d'Ivoire (8 percent), and Nigeria (22 percent).

The yield per hectare (ha) in West Africa varies from 300 to 600 kgs/ha, relatively low compared with yields per hectare in India and Vietnam. While there is no accurate data on area cultivated under cashew in West Africa, based on the data from the FAO database, it is estimated that the cashew cultivation area in West African countries is about two million hectares. Generally this area is exclusively under cashew cultivation.

Unofficial 2014 price and margin data were received through a quick survey with traders/exporters in three countries, as show in Table 15.

[31] Based on discussions with stakeholders in April/May 2014 in Ghana.

[32] Based on approximate data received from some exporters in the region.

Table 15: Unofficial Cashew Price and Margin Data, 2014

Actor	Role in the Value Chain	Cost/Buy Price ($/mt)	Selling Price ($/Mt)	Margin Gross (per mt)
Farmers	Production of raw nuts		$600–$700	Seasonal income
LBAs/traders	Transport, aggregation	$600–$700	$660–$800	$60–$100/mt 12%–14%
Wholesale dealers	Suppliers to exporters	$660–$800	$700–$850	$40–$50/mt 6%–10%
Suppliers of raw nuts for exports	Exports of raw nuts	$700–$850	$800–$1,100	$100–$250/mt 14%–28%

Source: Author's surveys with selected actors in three countries in April /May 2014.

In addition to providing seasonal supplementary income to farmers, there are a large number of small and large traders participating in the sector, and thousands of small enterprises around the value chain. Many other small businesses earn income within the chain—transporters, suppliers of bags and other logistics, small and large processors, street vendors, and retail traders.

MAIN VALUE CHAIN ACTORS

The relationships among vertical actors in the value chain are established and known to stakeholders. While there are still many gaps to be improved along the value chain, the players are clearly identifiable:

- Subsistence and commercial scale farmers/producers
- Collectors and local village groceries
- Small traders, semi- and wholesale dealers
- Exporters of raw nuts, typically Indians but also local exporters who have established market links with foreign buyers; includes large exporters such as the Olam Group
- Thousands of other formal and informal small enterprises providing services—transporters, inputs and logistics suppliers, street vendors, retailers
- Processors—small domestic processors and small-, medium-, and large-scale processors; includes large lead firms, such as the Olam Group (A study by the WATH project recorded more than 68 small processors and 12 large processing units in the region.33 This data needs to be updated.)
- There are also several significant regional companies operating in the cashew sector, including:
    - Ghana—Mim Cashew
    - Benin—Tolaro Global
    - Nigeria—Food Pro
    - Burkina Faso—Sotria-B
    - Côte d'Ivoire—Olam
- Importers from India, the EU, the U.S., China, Vietnam and other countries (Indian firms are the

[33] WATH. "Cashew Processing and Marketing and Consumption." WATH /Accra Technical Paper 22, May 2013

lead importers of raw nuts. Companies such as Global Trading & Agency Ltd., Intersnack, Kraft Foods, Red River, and others are importers of processed nuts and are well-known to cashew value chain actors in West Africa.)

DISCUSSION OF THE VALUE CHAIN SELECTION CRITERIA

The selection of the cashew value chain is based on several criteria:

- The sector has national importance in several countries. It is an important tree crop sector and a regional value chain that includes 11 out of the 15 countries in the region. It engages more than two million farmers and thousands of other workers, providing additional and seasonal income to households that incorporate a population of probably more than 10 million people. It is a livelihood provider and a foreign exchange earner.
- The sector responds to key economic criteria. Cashew currently accounts for a production value of $975 million or more annually for the region, and there is ready potential to dramatically increase this revenue. With additional investment and value addition, there is little doubt that the economic value of the cashew value chain can be doubled.
- The selection of this value chain for West African region is strategic for the countries in the region—for export revenue, investment, additional income to rural farmers, livelihood development, and promoting a multiplier effect to other thousands of informal and formal enterprises in the rural economy. This is a strategic crop in Côte d'Ivoire, Nigeria, Guinea Bissau, Senegal, and Benin. A key export crop and foreign exchange earner throughout the 11 producing countries, cashew is also important for employment and income-generation for women and youth. In addition, in many of the countries, cashew nuts are cultivated largely in marginal lands where high-value or other food crops are not suitable to grow. Therefore, cashew is a vital option for farmers on such lands, and renders value to lands that could not be used productively otherwise.

MARKET INFORMATION

- Asia, and particularly India, is the major market for unprocessed raw nuts. Market prices for West African nuts can be increased through improvements of quality, post-harvest operations, and storage facilities.
- The market for processed nuts in India, China, and other Asian countries is increasing. Markets in the U.S., the EU, and Japan are stable. There is potential to increase sales to Japan and Australia, if the region can improve the quality and quantity of its processed cashews. Export market trends suggest a growing international market that can be increasingly tapped by West Africa.
- The African market for processed cashew is currently very limited. There are very few culinary traditions in Africa using cashews as an ingredient, as exists in Asian countries. Therefore, it is important to promote cashew consumption through demonstrations and information in order to increase local market demand.
- Value-added could be increased by developing products and market for cashew apples and other by-products. Research and development that transfers international best practices would be helpful.

COMPETITIVENESS

West Africa is already competitive in global markets for cashews, so the primary opportunities are to increase quality, increase value addition, and expand volumes. The industry's competitiveness can be promoted by:

- Promoting investment in the processing sector
- Promoting new linkages with actors from diversified markets
- Increasing yields and better varieties
- Improving quality
- Training and transferring know-how and technology for processing
- Promoting R&D
- Providing organizational support at local levels
- Using innovative approaches to reduce costs and improve quality

IMPACT ON FOOD SECURITY

The primary cashew sector generates annual revenues of close to $1 billion for about two million rural households in 11 West African countries. This income can be expanded, providing farmers with cash income that would contribute to their ability to purchase food and improve livelihoods. This revenue can be substantially increased by increasing primary processing, improving yields, and obtaining revenues from cashew by-products that are not yet adequately commercialized. A quick survey carried out with a limited number of stakeholders in a few countries during this study suggests that every new ton of raw cashew produced enables an average of two new households to reap income from this crop.

Production is primarily through a smallholder farming system. Production involves extensive territory (an estimated two million hectares). Generally, these lands are not highly productive for other food crops; hence, the income from cashews is a relatively crucial element of household income and livelihoods. Also, experience in other countries suggests that systematic cashew planting permits other crops—especially short-term food crops—to be grown between the rows of cashew trees. This is an additional opportunity for experimentation and demonstration.

RECOMMENDATIONS

Cashews produced in West Africa account for 35 percent of global production. It is a high-value crop at all levels of the chain. Cashew is an organic crop and one that has positive impact on the environment. It contributes to livelihoods and generates additional income for millions of rural households and provides work for large numbers of women and youth in the rural economy. The cashew value chain is geographically widespread in the region, and cashew is a strategic crop for several countries. This value chain is high-impact and growth-oriented; it will continue to play a vital role in the region.

Because of its vital role, the cashew value chain has benefited from support from USAID and several other public and private organizations and donors. WATH project initiatives played an important role in organizing and addressing development issues within the chain. The ACA continues to develop its capacity and provides a variety of services to the value chain regionally and internationally. The ACA initiated the ACi program to address production and processing related needs.

Although the cashew value chain in West Africa has improved significantly in the recent past, there are still critical opportunities and issues to be addressed. West Africa is still a raw material exporter, and can achieve considerable additional added value. Other competitiveness challenges, such as yields, processing costs, technical skills, access to markets, and access to finance, remain to be addressed. The market for by-products is still largely untapped.

Therefore, while building upon the substantial achievements of the cashew value chain thus far, the Trade Hub's future interventions should focus, in partnership with industry stakeholders, on issues that will unleash growth and competitiveness:

- Consistent quality
- Improved yields
- Increased local value addition through local processing
- Local market promotion
- Value addition and market development for cashew apples and by-products
- Issues related to competitiveness—costs, quality, infrastructure, R&D, training, and skills
- Strengthened local-level organizations

ANNEX 5: HOME DÉCOR VALUE CHAIN

DESCRIPTION OF THE VALUE CHAIN

PRODUCTS INCLUDED IN THE VALUE CHAIN

The dome décor and fashion accessories value chain is composed of numerous sub-value chains: jewelry, baskets, furniture, leather products, ceramics, recycled products, textiles and soft furnishings, ceramics, woodwork, musical instruments, and metalwork. Within each of these sub-VCs there are hundreds of products with multiple variations. What ties them together (and what gives them market appeal) is that they are hand-made.

This wide variety of product categories attracts a growing range of buyers. It offers something to all market strata, from luxury to mass market, to all parts of the globe, and to a wide variety tastes and brands. First-time buyers often express amazement and are dazzled by the array of product offerings in West Africa.

But the value chain has yet to rise to the necessary level of professionalism. The two major challenges are 1) gaining the capacity to coordinate and organize this complex landscape of different producers, materials, and categories; and 2) creating an environment and a professional image that inspire buyer confidence.

Professionalism—The AfricaNow brand set the stage for West Africa to show the world that it can compete as an equal player in the global marketplace.

It is important to note that although buyers want to have the stories of village women earning money to educate their children, they don't want to rely on these women to get their orders packed and shipped. Buyers demand and need professional intermediaries to handle their orders. The lack of professional export trading agents is a major challenge for the industry in West Africa.

Professionalism must be actual (the capacity to meet demands) and also visible (presenting a professional face to the world). The WATH project began implementing an action plan to address these two issues, but did not have the time or resources to carry it to fruition.

CURRENT STATISTICS/INFORMATION

Although statistics for the home décor/fashion accessories value chain are sparse, we know that world exports of artisan products almost doubled, from $17.5 billion in 2002 to $32 billion in 2008, a growth rate of 8.7 percent per annum.[34] Developing economies have come to dominate the export market for

[34] UNCTAD, UNDP Special Unit for South-South Cooperation. "Creative Economy Report 2010." 2010, p. 140.

handicrafts, accounting for 65 percent of world exports in this sector in 2008 (increased from 53 percent in 2002).[35] Asia spearheads this export growth, led by China and India, and more recently Vietnam.

Vietnam presents a strong success model for the West African value chain. The Vietnam Handicraft Exporters Association (VIETCRAFT) was founded in 2007 with the goal of increasing handicraft exports for its 450+ members. In 2008, it launched the *Vietnam LifeStyle* (www.lifestyle-vietnam.com) professional trade show. In 2007, before the trade show began, handicraft exports were $750 million.[36] By 2012, exports had more than doubled to $1.6 billion.[37] In addition to launching the trade show, the VIETCRAFT industry association also hired international designers, sponsored buyer linkage activities, and supported capacity building initiatives for rural and urban producer groups.

Vietnam's success model can serve West Africa very well. There is no regional or pan-African professional trade show on the African continent, and West Africa has no industry association. Developing these types of activities in West Africa could help position the value chain as a major export and employment driver in the region. See Table 16 below for some regional export figures for West Africa's home décor value chain.

Table 16: Selected Regional Export Figures for Home Décor Value Chain[38]

Value Chain Exports	2010	2011	2012	2013	Notes
Ghana	$2,780,000	$3,570,000	$4,990,000	$2,300,000*	*Significant drop after WATH interventions ceased. No actual documentation to prove this.
Mali	$10,402,100	No available data			
Burkina Faso	$456,540	$474,629	$1,279,310 *	$1,179,820	Figures do not include leather, textile products, or furniture. *In 2012 WATH supported many buyer tours in Burkina Faso and Burkina Faso trade show participation.

MAIN VALUE CHAIN ACTORS

The value chain map in Figure 2 shows the main actors in the home décor value chain and how they interact with each other.

- **Artisans and SMEs** are the backbone of the value chain, encompassing most of the workforce. Includes both men and women, most in rural villages but many in small towns and cities.

[35] Ibid. p. 130.

[36] http://www.vietrade.gov.vn/en/index.php?option=com_content&view=article&id=947:arts-and-crafts&catid=271:vietnams-major-export-sectors&Itemid=238

[37] http://www.vietrade.gov.vn/en/index.php?option=com_content&view=article&id=2060:vietnams-arts-a-crafts-export-in-the-first-6-months-of-2013&catid=270:vietnam-industry-news&Itemid=363

[38] The data were collected from government statistics. Many use standard HS codes to classify export figures. Because "handicrafts are not identified in HS codes, no reliable trade data is available on an international level."[38] Therefore, figures are not fully accurate and refer to only certain segments of the value chain. For example, the figures from Burkina Faso do not include textiles and textile products, leather products, or furniture.

- **Large producers** deal directly with international buyers. They have production facilities and also out-source to artisans and SME workshops. Some serve as export trading agents. They also supply to export trading agents.
- **Export trading agents** organize orders for importers, involving many producers and product categories, including regional coordination. There are a handful in each country with varying levels of export and coordinating sophistication. These key actors need training and coaching to bring the value chain to the needed level of professionalism.
- **Importers** are smaller businesses—the backbone of the buying segment of the value chain. Based in target markets (U.S., Europe, Japan), they have extensive client networks, including large retail chains, major online and catalog retailers, and thousands of smaller boutiques. (See Table 18 for a list of U.S. importers and their major clients). Importers are pro-active in West African production communities and work closely with agents, large producers, and artisans to assemble competitive product collections with strong market appeal and to ensure strict quality standards and adherence to deadlines.
- **Direct import retail chains,** many of which (especially discount chains) have historically preferred to buy direct, thinking that they could negotiate better prices. A rising trend, however, is for retail chains to source through importers, as the chains do not have the time or resources to manage the complex issues of production and export from Africa. This trend is a boon for the West African value chain, since importers know the terrain, and—because they service many buyers at once—they are heavily invested in building production capacity.
- **Final consumers** have very little knowledge of most actors in the chain, but the trend is for retailers to create a "hangtag story" of the artisan to create an emotional connection with the consumer.

Table 17: Main Actors in the Home Décor Value Chain

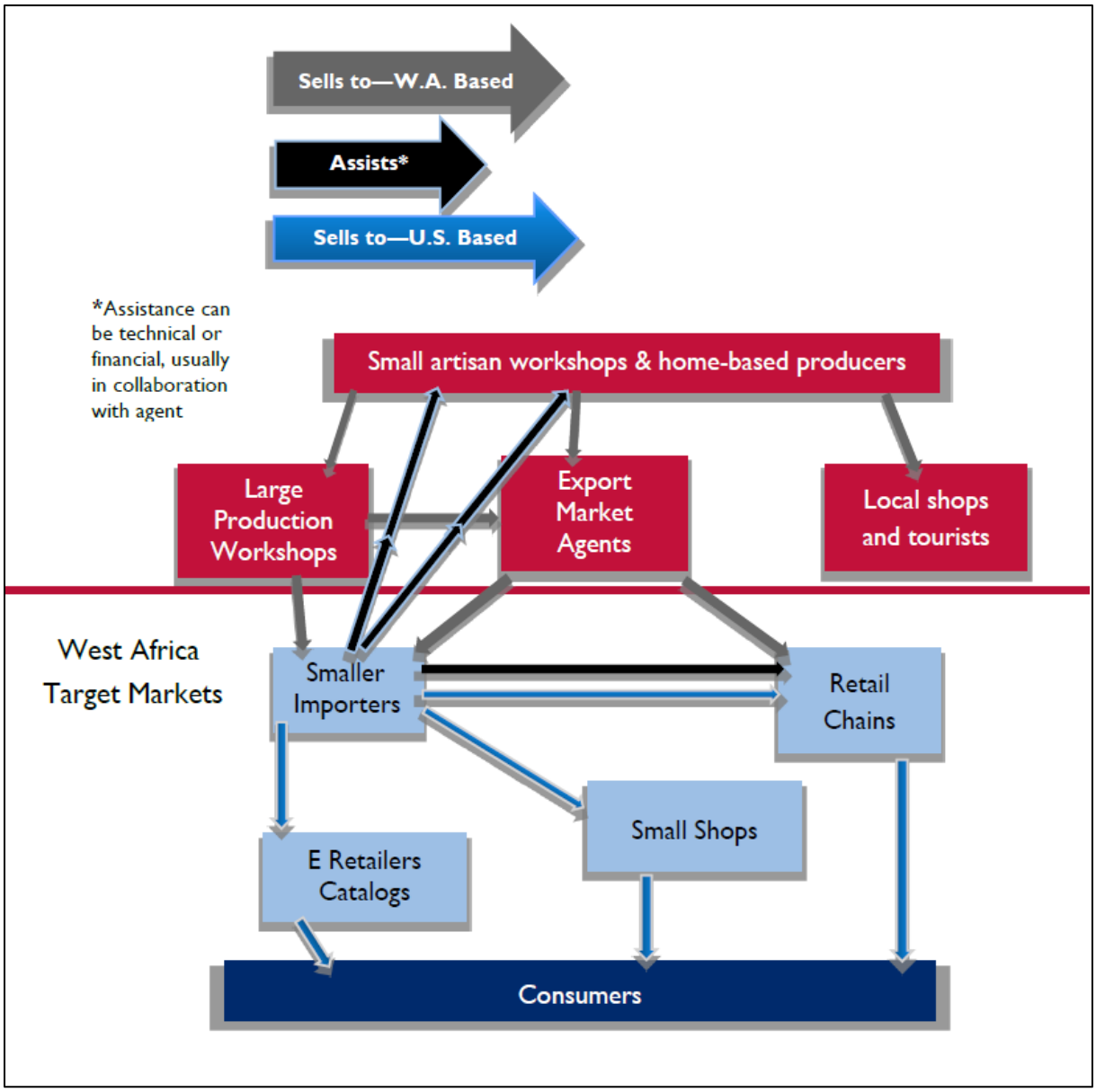
Name	Role	No. of Producers*	Extension** (No. of People Impacted)
Ghana			
Tekura, Ltd	Producer/exporter	250	2,500
Fritete	Producer/exporter/agent	150	1,500
Delata, Ltd.	Agent	500	5,000
ATAG	NGO/agent	110	1,110
Matamiss Ent.	Producer/exporter	50	500
Global Mamas	Exporting producer		
Marcus Clotty	Agent representative	400	4,000
Ghana Export Promotion Council	Government office	N/A	
Mali			
Cheick Diallo	Designer/producer	22	220
Mali Chic	Producer/exporter/agent	160	2,200
Farafiné Tigne	Producer/exporter		
Coop Djguiyasso	Exporting producer	200	2,000

Name	Role	No. of Producers*	Extension** (No. of People Impacted)
Atelier Ndomo	Exporting producer		
Burkina Faso			
Village Artisanal de Ouagadougou	Coop/exporter	350	3,500
Hamed Outarra	Exporting producer/designer	15	150
Salon International de l'Artisanat de Ouaga (SIAO)	Crafts fair/bazaar	N/A	
Senegal			
Galerie Arte	Producer/exporter		
Ousmane Mbaye	Producer/exporter	25	250
Aissa Dione	Exporting producer	35	350
ASEPEX—Export Promotion Agency	Government organization	N/A	
Côte d'Ivoire			
Amani Gallery	Designer/Producer	22	220
Apex-CI—Export Promotion Council	Government organization	N/A	
Niger			
GIE Dani	Association of cooperatives		
TOTAL from select companies			23,500

* Author's estimate: number of producers varies on size and number of orders

** Author's estimate: extension calculations in this VC are usually 10x, estimating inputs from other parts of the VC.

Figure 2: Home Décor Value Chain Map



DISCUSSION OF VALUE CHAIN SELECTION CRITERIA

MARKET INFORMATION

From a market data perspective, hand-made décor and gift items are part of the broader home décor and gift markets that include manufactured items as well. A handicrafts analysis carried out by USAID in 2009 stated that because "handicrafts are not identified in HS codes; no reliable trade data is available on an international level."[39] Therefore, this analysis looks at the generic home décor market.

[39] "USAID Handicrafts Markets Demand Analysis," March 2009.

"U.S. imports for home accents reached $16.2 billion in 2012, up 13% from 14.3 billion in 2011,"[40] while the entire home accents market in the U.S. was predicted to surpass $57 billion in 2012.[41] Therefore approximately 37 percent of the U.S. home décor market is imported, dominated by imports from Asia. Africa can easily seize part of that market if it increases its professional capabilities and stature. African products better correspond to a number of strong trends compared to their Asian counterparts, including being ethnic, socially conscious, and hand-made.

Gaining a greater market share rests with agents and their capacity to organize production and liaise with clients. Ghana is the only country in the region that has export agents that can service direct import retail buyers. The TJX Group (TJMaxx, HomeGoods, and subsidiaries across the globe) is a discount chain that has been buying in Ghana for nearly 20 years. Pricing is always a challenge in selling to a discount chain, but Ghanaian agents have been able to service them as many wood workshops are semi-industrialized. Although margins are low, volumes are significant enough to realize profit. Even in Ghana there have been significant challenges in properly servicing large buyers, as was seen with an order from Pier One supported by the WATH project. The main challenge was the capacity of the agent to coordinate and organize production, quality control, and shipping.

The large retail chains want products from West Africa, and now they are looking to importers to serve as their sourcing agents. This will greatly improve West Africa's capacity to capture broader segments of the market.

COMPETITIVENESS

Potential to Increase Trade

There are a number of industry trends right now that make Africa a strong candidate for increased trade.

Trend 1—Socially conscious buying. This is very strong in North America and Europe. End-consumers respond strongly to purchases that are socially responsible and every single product coming out of Africa has a compelling story. Since Macy's began carrying baskets from Rwanda, many large retailers have been in competition to have the most socially conscious identity. These include such major chains as West Elm and Crate and Barrel.

A 2012 Neilsen survey found that "Two thirds (66 percent) of consumers around the world say they prefer to buy products and services from companies that have implemented programs to give back to society."[42] This survey questioned 28,000 people from 56 countries.

Trend 1—Social Consciousness

"Through 2015 West Elm has committed to paying $35 million to artisans using traditional techniques."

West Elm is one of the fastest-growing lifestyle chains in the U.S. It is part of the William Sonoma family of stores that includes Pottery Barn. A recent MIT study conducted in 111 Banana Republic stores found that when the label on a woman's garment was changed from "style centric" to "socially conscious" the sales rose 14 percent.

[40] Home Accents Today, "Imports Report," July 2013.

[41] Home Accents Today, "2012 Universe Study."

[42] http://www.nielsen.com/us/en/newswire/2012/the-global-socially-conscious-consumer.html

Trend 2—"Au Naturelle." This visual and branding trend is evident in everything from food (e.g., Whole Foods) to hybrid cars to organic cotton clothing. Upscale women's brand Eileen Fisher states on every garment tag what percentage of the material is organic. In home décor, "au naturelle" translates into visual impact. Rustic, ethnic, organic, natural are all identities that are 100 percent on-trend.

Trend 2—Au Naturelle

Traditionally hand-woven textiles from Tensira in Guinea show excellent sell-through into generic home markets.

Many brands are trying to embrace this identity. The power of African products is that they authentically ARE these identities. Therefore buyers and consumers want to embrace the African products because they radiate authentic naturalness.

The "au naturelle" identity encompasses textiles, baskets, hand-made ceramics, and hand-carved home décor and furniture.

Trend 3—Large buyers sourcing through importers. Often failures in this value chain have occurred when mega-buyers buy direct, as seen with the recent Pier One order in Ghana. Now the trend is for large direct-import retail buyers to link with U.S. importers as their sourcing agents. For example, Cost Plus World Market, which was founded on the premise of buying direct, is linking with Mbare, a U.S. importer, to source products in Senegal. This is a positive development because the smaller importers can manage risk and will invest time and resources to ensure order satisfaction.

Trend 4—Regional Trade Shows

In speaking with buyers from across the globe (U,S,, Canada, Japan, Russia, France and Germany), all said that they would jump at the opportunity to source in Africa in a professional, properly vetted environment where they can efficiently see products from across the region. This includes buyers who have never sourced in Africa.

Trend 4—Regional Trade Shows. Buyers are always looking for something new and they are turning to regional lifestyle trade shows for new sourcing opportunities. There are successful shows in Peru, Guatemala, and Vietnam. There is no African regional trade show geared to international buyers. This is a glaring gap in market access. The development of a regional or pan-African trade show would significantly increase market interest and access to West African producers. The only other professional trade show is Indaba, in South Africa and is limited to South African vendors.

Trend 5—Hand-Made. Across the world, hand-made is on-trend with no signs of abetting. Sites like Etsy, which features only hand-made products sold by the producers, dominate the online landscape. Originally Etsy was only for U.S. producers, but now its membership spans the globe. Hand-made is a solid market trend across consumer goods. Africa can offer a full range of hand-made at reasonable prices and with authenticity, and it can be a front-runner in this burgeoning market.

Etsy

is an online retailer of hand-made products from producers from around the world. It has 30 million registered users who generate over $1 billion in sales for the producers each year. The company grosses $500 million annually.

Trend 6—The copy-cat phenomenon. Once a product or collection catches on and gets significant press and consumer interest, competitors want to same thing. The experience of Li Baskets in Senegal provides a clear example. Leslie Mittelberg of Swahili Imports began importing baskets from Senegal in 2006. They received great press in Elle Décor and other nationwide home décor magazines, and orders quickly soared. Mittelberg set up a team in Senegal to manage production and organize the women producers.

Soon she was importing containers of the baskets. West Elm, a major home décor retail chain, picked them up and finally Swahili was importing eighteen 40-foot containers a year, expanding production from one village of 20 women to working throughout the region in 33 villages with over 200 women. She had designed the basket motifs for the American consumer. Soon many U.S. retail chains were clamoring for the same baskets. Many were discount houses like TJ Maxx, and wanted to bypass the importer and get a better price. Others just wanted the baskets. Swahili serviced those that it could, and continued to grow the production base. Some of the buyers looked to other importers to service baskets. This is a "problem" that many businesses cherish: more demand than can be met.

Table 18: Select U.S. Wholesale Importers and Large Wholesale Clients for Home Décor

Importer	Large Retail Clients	Number of Outlets
Bamboula	Disney Shops	International retail chain of 479 stores
	J. Crew	Chain of 333 specialty clothing stores across the U.S.; a brand favored by Michelle Obama
	Crate and Barrel	U.S. retail furniture and home décor chain with 170+ stores
	Whole Foods	Upscale organic and natural food chain selling natural baskets and other home items
	Starbucks	Chain of over 20,000 upscale coffee establishments worldwide
	Nordstrom	Upscale department store chain with more than 250 locations nationwide
	Saks Fifth Avenue	High-end retail chain with 107 retail locations across the U.S.
	William Sonoma	High-end kitchen and housewares chain of 245 stores, parent company to numerous elegant home décor chains
Swahili Modern	West Elm	Retail lifestyle chain; 59 stores across the U.S. and in Canada, England, Australia, and Puerto Rico
	Crate and Barrel	U.S. retail furniture and home décor chain with 170+ stores
	Disney Shops	International retail chain of 479 stores
	Eileen Fisher	Clothing and fashion accessories; 56 stores in the U.S., Canada and the UK; also sells across major retail chains including Nordstrom, Macys, Bloomingdales, and Dillards
	Anthropologie	Retail chain of 182 large free-standing lifestyle stores in U.S.
Mbare	National Geographic	Large distribution print catalog and online retail shop
	Cost Plus World Market	U.S. retail chain with 263 free standing stores, 100% imported hand-made items, over $1 billion annual sales
	West Elm	Retail lifestyle chain; 59 stores across the U.S. and in Canada, England, Australia, and Puerto Rico
	Neiman Marcus	Luxury retail chain with 42 U.S. locations
	Smithsonian	Includes museum shops, print catalog, and e-retail
Proud Mary	Urban Outfitters	Retail chain with 217 stores across the U.S. and Europe
	One King's Lane	$200m+ internet lifestyle marketer
	Vans Footwear	International sales over $1 billion
	Ann Taylor	U.S. retail clothing chain with 981 stores across the U.S.

Importer	Large Retail Clients	Number of Outlets
Bluma Project	Anthropologie	Retail chain of 182 large free-standing upscale lifestyle stores in U.S.
	Free People	Three U.S. wholesale showrooms; chain of 81 stores; sells to thousands of stores in U.S. and UK
	ABC Home	Flagship store in Manhattan plus four other locations; premier trend-setter for décor
	Shopbob	Amazon-owned online contemporary design retail site selling globally

Potential to Create Jobs

The unifying element of this diverse value chain is hand-made. By definition, hand-made means that people do production, and often these are women. Several factors make it easy for rural women to be a vital part of this workforce: production is often in the home, orders are generally small and ongoing, little start-up capital is required, older and widowed women are still able to produce, and formal education is not necessary.

There are, for example, more than 3,000 women in Northern Ghana who make baskets. They work at home while raising families and farming. They need not spend part of their income on daily transport to a job or on childcare, and they can freely work around their other domestic responsibilities. Outside of basket production, few opportunities exist to supplement their farm income. With increased orders, these 3,000 women will earn even more and new women will be drawn into the workforce. Their incomes translate into approximately 15,000 people benefitting in their households.

IMPACT ON FOOD SECURITY

Artisanal production creates jobs in both rural and urban areas. It can quickly grow the workforce because many of the skills have been learned since youth. It is flexible and women can work at home while raising their families, and farmers can produce in the evenings and during fallow seasons.

The regional reach of this value chain is comprehensive. Every country and every region has artisanal production. The key to mobilizing this workforce is coordination and organization, as well as savvy and efficient market access.

RECOMMENDATIONS

The strength as well as the challenge of this value chain is its great diversity. The diversity appeals to a wide variety of buyers, but it also requires complex coordination and management. Following the Vietnam model, creating a professional regional trade show will streamline access to buyers, and buyers' access to vendors. It will present the value chain as being professional and minimize the confusion of trying to buy across the region, and the diversity will be organized and orderly. It will be an environment that is comfortable for buyers and vendors alike.

Additionally it will raise the bar in the region. Only vetted vendors will be allowed to show and across the landscape artisans and agents will work to improve their capacity to be able to participate. World-class professionalism will become the standard. This single activity will cement buyer confidence, motivate growth among agents and producers, and secure West Africa as an important sourcing destination. It will inspire buyers to journey further into the region looking for more opportunities.

The Government of Côte d'Ivoire has already launched its first artisanal show, intending for it to become a regional trade show. Aid to Artisans Ghana (ATAG) has looked into the possibility of hosting a professional trade show in Ghana. Messe Frankfurt, the German trade show management company that manages Ambiente, has expressed interest in investing in West Africa. In addition, buyers, many who have never sourced in Africa, have said that they would welcome the opportunity to come to a well-organized professional fair in West Africa. The time is now and the time is ripe. West Africa must move quickly before East or Southern Africa creates a similar show.

We recommend building an industry association both to own the trade show and to coordinate capacity building activities for the value chain. Export trading agents are the weakest link in the value chain, and an industry association could address this gap. As in Vietnam, the association could support hiring designers or other professionals to strengthen the value chain

We also recommend that the AfricaNow brand be carried forward, as it has gained recognition and—since it was a destination at Ambiente—participation in that show should continue.

Individual buyer tours are the second-most-effective tool (after establishment of a professional trade show) for building solid buyer-to-buyer relationships and generating orders and exports. To the degree possible, individual buyer tours should be well-programmed.

Text Box 1: Tensira Results

Tensira is a textile and home décor production company in Guinea. It participated for the first time in the *AfricaNow* pavilion at Ambiente in 2013. Below are Tensira's revenue figures for 2011–2013, as well as projected figures for 2014 based on complete orders, in-process orders, and promised reorders.

	2011	2012	2013	2014
Revenue	$102,000	$130,700	$245,443	$346,868
Growth Rate		27%	91%	41%
Employees	5	7	25	35
Growth Rate		28%	257%	40%

After Participating in Ambiente with *AfricaNow* sales soared. The company did not participate in Ambiente in 2014, but revenue continued to grow from contacts made at Ambiente.

Tensira said, "We were a small company, and after Ambiente we became a growing and thriving company. We were able to open a showroom at Place do Vosges, one of the more prestigious locations in Paris, and we have many new requests from U.S. buyers. Participating with *AfricaNow* was the best thing that could have happened for our business."

ANNEX 6: HONEY VALUE CHAIN

DESCRIPTION OF THE VALUE CHAIN

The honey and bee products value chain in West Africa includes diverse honey products. These range from poor-quality, smoky and/or adulterated raw honeys gathered from wild hives to managed hive production of high-quality, pressed mono-floral honeys of unique geographic designation (such as the *Miel du Gourma* of Burkina Faso). In addition to honey, related bee products include beeswax (with ready export and industrial value) and derived products such as propolis and royal jelly.

PRODUCTS INCLUDED IN THE VALUE CHAIN

Products included in the value chain are honey (see definitions in Table 19 below) and beeswax.

Table 19: European Union Definitions of Honey

By origin	Blossom honey	Obtained predominantly from the nectar of flowers
	Mono-floral	Single botanical source
	Poly-floral	Several botanical sources
	Honeydew honey	Obtained from the secretions of plants
By type of Processing	Comb honey	Honey is still contained in the combs and is presented and sold as such. The comb and honey are edible.
	Chunk honey	Containing one or more pieces of comb honey
	Drained honey	Obtained by draining de-capped and broodless combs
	Extracted honey	Obtained by centrifuging de-capped and broodless combs
	Pressed honey	Obtained by pressing broodless combs with or without application of moderate heat.

Source: EU; quoted in Traidcraft 2007.[43]

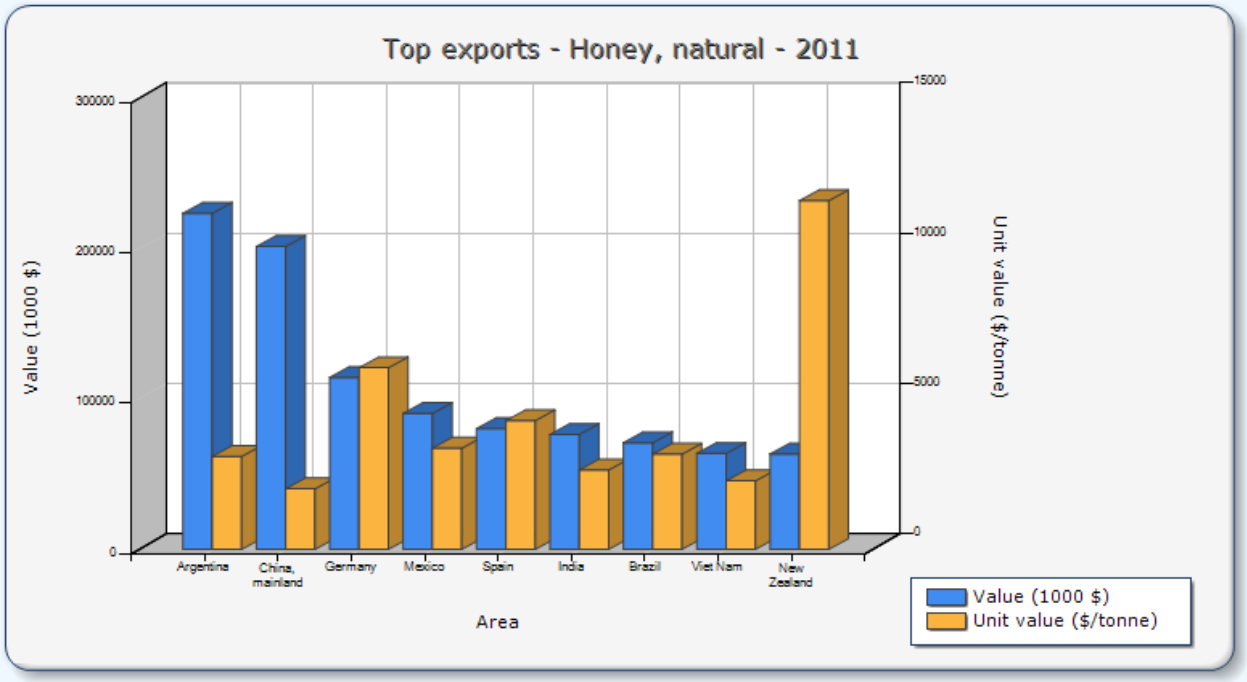
CURRENT STATISTICS/INFORMATION

Between 2005 and 2010, global production of honey grew by over 10 percent, to 1.54 million metric tons, despite concurrent decline of production in many regions due to colony collapse disorder (CCD). There has also been increasing virulence and spread of the varroa mite with which the CCD syndrome is associated. The U.S. has been most seriously affected (USAID CIAFS 2012). During this time, China has remained the biggest exporter of honey (accounting for 26 percent of all global exports in 2010), although recurrent quality problems, including traces of banned antibiotics and other toxic substance,

[43] "EU Market Opportunities for African Honey and Beeswax." Traidcraft, 2007.

have led to periodic bans on importation of Chinese honey to U.S. and European markets in particular. In 2011, African honey exports reached 12 percent of global supply—179,400 metric tons.

Figure 3: Top Exports of Honey, Natural, 2011



MAIN VALUE CHAIN ACTORS

As elsewhere in the world, honey is produced widely across Africa, in deep forest, savanna, the lowlands, and the highlands. Africa produces some distinctive specialty honeys found nowhere else in the world. Also in common with other honey producing areas, many African countries are seeing growing internal demand for honey as the middle class becomes more aware of the negative health impacts of sugar consumption and compares sugar to natural honey, with its perceived health benefits. The advantages of serving local and national market opportunities include lower transaction costs (including marketing), less stringent quality criteria, and the acceptability of smaller volumes, as well as reduced transactional risks overall (UNCTAD 2006).

Unlike many other global species, however, the African honeybee *Apis mellifera* does not suffer from CCD, and it displays resistance to or tolerance of the varroa mite (*Varroa destructor* syn. *V. jacobsoni*), which implicated as a contributing factor in CCD (Camazine et al. 1988). These and other global trends seem to ensure a promising future for African honey producers, as they work meet a growing market demand for African honey at the national, regional, and global levels (CBI 2009).

The biggest producing country, China, has recently had its reputation tainted on import markets. First, there was commercial conflict with the U.S. over dumping of cheap honey. Secondly, in the EU there was serial contamination with the apiary antibiotic chloramphenicol, which can cause death if ingested by susceptible human individuals. There have also been a series of "honey-laundering" scandals resulting from attempts by Chinese honey producers to transship their products through third countries to conceal the Chinese origin of their honey and import it illicitly into the EU and North America (CSE 2010).

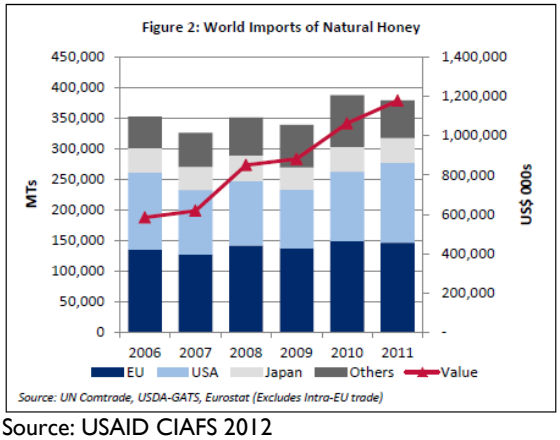
In markets where demand is strong, such as the U.S. and Europe, declining domestic production with which to meet growing internal demands, coupled with the impacts of climatic uncertainty and extreme weather events, has had drastic effects on productivity. In the U.S. market alone, honey production has declined by 20 percent in the period prior to 2010. During previous years domestic production in the U.S. met about half of total market demand. Global prices have been increasing, which may be seen as a growing trend that is likely to continue, given stable or increasing demand (Kamberg 2011).

DISCUSSION OF VALUE CHAIN SELECTION CRITERIA

MARKET INFORMATION

The global demand for honey is valued at approximately $1.4 billion per annum. The 15 countries of the EU comprise 20 to 25 percent of the consumption; China accounts for 15 percent; and the U.S. 10 percent (CBI 2009). The global market for beeswax is more limited, at $65 million, of which the EU consumes about 30 percent, the U.S. 17 percent, and Japan 9 percent (FAOSTAT). With the highest per-capita consumption of honey in the world, Europe has a supply that currently meets just 60 percent of its demand for honey. That demand grew by 8 percent from 2006 to 2011. In contrast, the sharp decline of U.S. honey production meant that only 35 percent of national demand could be met by domestic production in 2011, down from 42 percent just the year before (USAID CIAFS 2012). From 200 to 2011, the value of U.S. honey imports grew by 124 percent, from $172 million to over $387 million.

Figure 4: World Imports of Natural Honey



Source: USAID CIAFS 2012

Whereas global demand for honey and bee products is growing, its supply is in decline, with price implications that favor the entry of new suppliers onto the global marketplace. Africa is well-positioned to benefit from the emerging opportunities presented by this developing trend.

COMPETITIVENESS

Potential to Increase Trade

Other global trends indicate a favorable future for African honey exports. The challenge for African producers is to overcome issues of quality assurance at a larger scale through collective marketing and other measures (Bradbear 2009). Fortunately, there are some good examples of private sector initiatives in product development and marketing of African honey, including some that have targeted support from bilateral and multilateral donors (through technical support from NGOs and the National Agricultural Research Service (NARS).

Niche markets for specialized honeys offer more distinctly high-value opportunities, particularly for honeys certified according to organic and fair trade criteria. Mono-floral and special varietal honeys not available in other markets are other alternatives. In addition to advantages conferred by its warmer climate, Africa maintains an additional advantage over European and North American honey producers with regard to organic honey, since it is not necessary for African producers to use pesticides to control varroa mite, (McAdam 2007). Some "generic" honeys of African origin are perceived as being dark and smoky due to traditional methods of smoking the hive. There are examples of fine light honeys of

specific provenance, including the exquisite mono-floral shea flower honey of Fada N'Gourma, Burkina Faso.

Potential to Create Jobs

Commercial development of the West African honey value chain should involve improvements in management and product quality to increase production per unit (hive or colony) and expand volumes sold. Recent examples of programs in eastern and southern Africa could be applied to increase value added at the smallholder and association level.

Potential to Attract Investment

Having already attracted significant investment in eastern Africa (through the Honey Care Africa model, with Root Capital), there is considerable scope for building up current honey exports from Senegal to Europe, and from Ghana and other origins to the UK, the EU and the U.S.

IMPACT ON FOOD SECURITY

Number of Households Participating

The number of households engaged in honey collection from wild sources, as well as those managing kept hives, is difficult to estimate. Sporadic estimates include 120,000 beekeepers in Nigeria and over 22,000 beekeepers in Ghana.[44] However, it is clear that African honey has strong growth potential, particularly due to its lack of banned chemical residues including antibiotics, and relative resistance of African honeybee to the varroa mite that has decimated bee populations in other key markets. In their pollination of cultivated crops and native vegetation, honeybees perform an important agricultural and environmental service (e.g., integrated pest management) which enhances household production and contributes to improved food security.

Extent of Geographic Dispersal in West Africa

Honey is produced across West Africa and in every ECOWAS country. Of these, product quality is most advanced in Burkina Faso, Senegal, and Ghana.

RECOMMENDATIONS

Although the honey value chain in West Africa is relatively undeveloped compared to those in East and Southern Africa, there is strong potential to increase global exports of West African honey, in a context of rapidly declining production and increasing prices (in the U.S. market in particular). With proper internal control systems for traceability and quality assurance, African honeys may be more competitive than Chinese honey due to food safety concerns. It is strongly recommended that honey be included as a Trade Hub value chain, probably under the category of specialty foods.

[44] Ibid.

ANNEX 7: MANGO/MANGO PULP VALUE CHAIN

DESCRIPTION OF THE VALUE CHAIN

Mango (*Manguifera Indica*) is a tropical horticulture crop originating in India and Burma and now growing in more than in 100 countries throughout Asia, Africa, and Latin America. It has large-scale local consumption, and is an export-oriented product, both fresh and processed. Throughout most of the world, mangoes have the second-highest consumption and commercialization of any tropical fruit (after bananas).

World mango production is reported to have doubled over the past 10 years. Data sources from the United Nations Conference on Trade and Development (UNCTAD) report that world production of mangoes reached 35 million tons. The FAO statistics aggregating two other crops—mangosteens and guavas—with mangoes indicate that in 2012 world production was 42 million mt. Extrapolating from both of these sources, world production in 2014 could be around 44 million mt. Most of the world's production of mangoes is from Asia (64 percent of global production). The two major African producer countries are in the top 10: Kenya (7 percent of global production), which is the world's third-largest producer, and Nigeria (2 percent of global production), which is the tenth-largest producer.

In West Africa, 13 countries accounted for a production of 1.5 million metric tons in 2012—about 3 to 4 percent of world production. Nigeria is the region's largest producer, with more than 860,000 mt—57 percent of total West African production. Niger, Guinea, Senegal, Ghana, Mali, Côte d'Ivoire, Burkina Faso, Benin, Guinea Bissau, Gambia, and Sierra Leon each produce 8,000 to 22,000 mt of mangoes per year. Some of these countries export fresh and processed mangoes to European, North African, and Middle Eastern countries. Although West Africa's share of world mango trade is small, the market for it is increasing, based on recent new trends toward processed or semi-processed products and "fresh-cut" forms of the fruit. In several West African countries, mangoes serve multiple purposes: food security, income-generation, and product commercialization by large numbers of informal traders and enterprises, mainly women. In addition, there are several organized formal enterprises in the region that work with mangoes.

PRODUCTS INCLUDED IN THE VALUE CHAIN

West Africa offers a range of mango varieties. Some are local varieties that have low commercial value but are used for processing of value-added products by informal or small enterprises. There are two major economic value varieties:[45]

- Kent represents more than 70 percent of exported mangoes. They are larger-size fruits with a more reddish outer skin; they are yellow inside. There are no fibers and this variety is more resistant to sea transport.
- Keitt are smaller in size; their color slightly light red. They have fine, sensitive skin, but mature slowly while in transport.

[45] Nugawela, Patrick et al. "Mango value chain." USAID SAGIC project, 2006.

There are other varieties in smaller quantities: Valencia pride, Tommy Atkins, Palmer, Springfield, Amelie (for niche markets). Other varieties known as Zill and Haden are in demand for processing for other value-added products.

The main product of the sector is fresh fruits. This is first for local consumption; a smaller percentage is exported. In some countries in the region, more than 80 to 90 percent of mangoes are locally consumed. In addition to fresh mangoes, other value added products of the value chain are:

- Dried mangoes, pieces and powdered, for export and for local market (Burkina Faso has several units drying mangoes)
- Juices and pulp (Burkina Faso, Ghana, Nigeria)
- Jams and other processed products (Senegal, Ghana, Nigeria)
- Fresh-cut mango pieces for export to European markets (Ghana)

CURRENT STATISTICS/INFORMATION

Thirteen out of 15 counties in the Economic Community of West African States (ECOWAS) produce mangoes. Their total production (estimated by FAO data) is 1,580,500 metric tons. Nigeria produces 54 percent of West Africa's production, which was 860,000 mt. The region's main mango-exporting countries of Niger, Guinea, Senegal, Ghana, Mali, and Côte d'Ivoire produce more than 720,000 metric tons.

These 13 West African countries have 376,625 ha under mango cultivation. Of this total area, Nigeria accounts for 35 percent, Côte d'Ivoire accounts for 23 percent, and Guinea 22 percent. Niger and Senegal cultivate more than 18,000 ha, and Ghana and Guinea Bissau have a total of 6,000 to 19,000 hectares.

Yields are generally poor when compared to potential production. For example, in Ghana yields are 12 mt/ha, and in Mali, they are 18 mt/ha. Burkina Faso, Senegal, Nigeria, and Gambia have yields of approximately 5 to 7 mt/ha. Some well-managed plantations (e.g., in Senegal, Burkina Faso, and Ghana) have much higher yields—more than 30 mt/ha.

Main Value Chain Actors

Farmers/producers. The key upstream actors in the mango value chain are smallholder farmers and medium and large commercial farmers. There are large numbers of small farmers, where mangoes are often inter-cropped with annual crops. Since the export market for mangoes started expanding, there are many large- and medium-scale farms started by the private investors. Examples of well-managed commercial plantations directly linked to exports include Eve-Lyn Farms Oyarrifa near Accra, Ghana (60 acres); Dormuhsc farm in Yilo Krobo, Ghana (30 acres); Safina SARL near Dakar, Senegal; and Hortica SARL in Senegal (100+ ha). There are similar plantations in Côte d'Ivoire and Gambia.

Intermediary buyers/vendors. Several intermediary channels are in operation:

- Exporters who own farms maintain and harvest with hired or employed labor.
- Exporters send agents to buy directly from linked farmers and to select and grade mangoes on the farms, leaving rejects behind for farmers.
- Processors arrange direct buying from farmers.

- Local venders (in Senegal banabanas; in Ghana women venders) buy wholesale and sell to small venders in the marketplace for retail sales.

Processors. There are several categories of processors:

- Small-scale informal sector processors; producers of juices, jams, and dried mangoes for local markets
- Producers of dried mangoes and formal SMEs that dry mangoes (by sun-drying or using gas/electric dryers) for exports to Europe and local markets
- Industrial processors of juice and pulp for export and local markets (Ghana, Côte d'Ivoire, Burkina Faso, Nigeria)
- Larger processors of fresh-cut fruit for European markets (e.g., Blue Skies Co. in Ghana) (Note: There are established private companies in all the countries.)

Marketers. This level includes:

- Vendors at the market places, mostly women
- Mobile vendors in large numbers, women and youth
- Retail dealers in the marketplace and often in production areas
- Retail shopkeepers
- Supermarket chains

Other stakeholders. The West African mango value chain continues to attract the attention of public sector institutions, donors, and professional associations. The following institutions have supported development of this value chain:

- Governments, through ministries of agriculture, export promotion offices, and phytosanitary services.
- Subsector professional associations in all the countries—farmers, exporters, processors, and associations such as the *Organisation Nationale des Producteurs Exportateurs de Fruits et Légumes du Sénégal*, the *Coopérative Fédérative des Acteurs de l'Horticulture du Sénégal,* the Papaya and Mango Producers and Exporters Association of Ghana, and the Federation of Associations of Ghanaian Exporters.
- Multilateral and bilateral technical assistance by several donor supported initiatives such as support provided by USAID, the U.S. Department of Agriculture (USDA), World Bank, the EU, the FAO, the World Trade Organization (WTO), the U.S. International Trade Commission (ITC), GIZ, DFID, IFAD, the Netherlands Development Organization (SNV), several international NGOs, the Europe-Africa-Caribbean-Pacific Liaison Committee (COLEACP), and ECOWAS
- Universities and research and development institutions, particularly those working on fruit fly control and eradication in Mali and Senegal.

Competitiveness Improvements in the Value Chain

The mango value chain in some West African countries has demonstrated more visible dynamics and vertical integration to increase its competiveness, as evidenced by the following:

- Introduction of new varieties for production of mangoes in demand (Kent and Keitt)
- Increased trend for private sector investments in commercial mango plantations
- Diversifying end-markets; exports of fresh fruit, processed products, dried mangoes, fresh-cut mangoes for retail export markets, etc.
- Increased trends in applying certifications in the region (traceability, EurepGAP) in several countries
- Exports within region (Ghana imports from the region for re-export)
- New markets in the Middle East and North Africa; prospects for exporting mango pulp to India
- Increased organizations of producers and other value chain actors in Mali, Ghana (Mango Farmers Association in Yilrobo, Comanga Mango Farmers Association), and Senegal (Commercial Mango Growers Association Sénégal)
- Interventions of government and other stakeholders: donors and technical assistance projects for improving infrastructure and packing houses in Ghana, as well as washing and packing station in Mali and Senegal
- Support to fight against fruit flies (Bactoserainvadans) in Mali and Senegal

Some key challenges remain, however, if the value chain is to reach its full growth potential and increase competitiveness in West Africa, including:

- Damage caused by fruit flies (Bactoserainvedens)—the major regional problem
- High post-harvest losses (possibly greater than 50 percent in some areas)
- Limited local value addition
- High costs of production
- High costs of transport
- Inadequate infrastructure facilities—access roads, common sorting and washing centers
- Access to finance to many actors of the chain

However, there are several initiatives taken by different countries and players to address these issues, including the following:

- Initiatives to control fruit flies in Senegal since 2005 (even longer in Mali) and other countries in the region by several donors: ECOWAS, the EU, the World Bank, and COLEACP
- Introduction of plastic containers to reduce post-harvest losses in Ghana
- Construction of sorting or collecting centers in production areas in countries such as Ghana
- Ongoing private sector initiatives in all countries in the region to increase local value, especially through processing, and to capture markets for fresh-cut fruit exports
- Several ongoing projects and initiatives, such as Borderless Alliance's frontiers program and USAID's Nigeria Expanded Trade and Transport (NEXTT) project in Nigeria, that are addressing problems with trade corridors and transport barriers

DISCUSSION OF THE VALUE CHAIN SELECTION CRITERIA

MARKET INFORMATION

The market for mangoes in West Africa has several segments:

- The main market is local consumption of fresh mangoes (the subregional market is estimated to be more than 600,000 metric tons.
- Local value added products (juices, dried mangoes, etc.) reach both local and export markets.
- Exports of fresh and whole mangoes to Europe are in excess of 30,000 metric tons.
- Other destinations include the Middle East and North Africa.

Europe is the primary export market for fresh mangoes and fresh cuts. Data available shows that the European market for mangoes is over 200,000 metric tons; West Africa supplies about 15 percent (30,000 mt) of that amount. Using an average value per mt of $1,770 (based on ITC data on four countries exporting to Europe), these exports of mangoes total about $54m per year. This value is in addition to the value of exports to the Middle East and other destinations.

COMPETITIVENESS

West African mangoes have some specific competitive advantages that are independent of cost. Operators in the sector mentioned the following:

Export Markets

- The specific taste, color, and keeping qualities of Kent and Keitt mangoes
- Availability in different sizes and weights that importers ask for from European and Middle Eastern markets, with weights ranging from 300 grams to 3 kgs
- The availability of adequate quantities of appropriate varieties for processing industries
- Relatively low costs for transport and time from Senegal to Europe (6 to 8 days)
- Availability of mangoes for export during the Asian and Latin American off-seasons
- Established systems in the region for phytosanitary controls and export procedures

Processing Markets

- Availability in large volumes at competitive prices
- Contribution to economic growth: potential to increase trade (beyond what is current)
- Potential to create jobs (e.g., by expanding volumes sold, expanding value added)
- Potential to attract investments

IMPACT ON FOOD SECURITY

Mango is a food crop distributed in all ECOWAS countries, albeit with different production quantities. More than 80 percent of the region's production of 1.5 million mt of mangoes is consumed locally. Mangoes are a food security crop, especially for the rural population.

Mangoes are also a cash crop that provides additional income for farmers in the rural sector and for large numbers of informal sector traders in urban areas. Mangoes are widely sold in all markets throughout West African countries.

RECOMMENDATIONS

Mango is an established horticulture crop throughout ECOWAS countries. The crop provides income to large numbers of smallholder farmers, as well as to others through the expansion of commercial plantations. The value chain offers high potential for exports to European, Middle Eastern, and North African countries. Some investigations with exporters confirm that there are also possibilities for exporting mango pulp to India. Hence, the value chain has high potential to generate export revenues.

The mango value chain has progressed significantly and attracted increased investment from the private sector and from other institutions, including several donors who provide technical assistance. It has high potential for value addition through processing of a variety of products. There are a number of private sector companies operating in this value chain in many West African countries, following innovative approaches such as exporting fresh-cut fruits. These companies are also prospecting new export markets for processed and fresh products. In addition, the mango value chain provides employment in both rural and urban areas. For all of these reasons, there is interest in ensuring that support continues to further develop the value chain.

Three key factors to assess the mango value chain to determine whether or not the Trade Hub should include it as a target value chain are presented below:

1. Present status of the value chain in the region
2. Relative value and potential of the value chain
3. Availability of private sector participation and institutional support

Table 20 on the next page shows findings and justifications for recommending Trade Hub support for the mango value chain.

Table 20: Criteria and Justification for Selecting the Mango Value Chain for Inclusion in Trade Hub

Criteria	Justification for Selection
1. Present status of the value chain in the region	
a) Key horticulture sector in the region	• High-impact crop for food production, local consumption, exports and income in 11 countries of the region
b) Export-oriented	• Export sector for Senegal, Ghana, Gambia, Ghana, Burkina Faso, Mali
c) Extensive geographic coverage	• Production distributed among 11 out of 15 countries
d) Contributes to food security	• Widely consumed by the population; an alternative food crop
e) Creates employment and revenue	• Additional income for small farmers, employment in commercial plantations • Large numbers of informal and formal sector vendors and traders
2. Relative value and potential of the value chain	
a) Export potential	• Annual exports from the region to Europe estimated at $53 million • Growing markets in Europe, Middle East, North Africa, and India • Exports estimated to have grown by 6% to 9% per year over the last 10 years
b) Production and supply	• Region produces more than 1.5 million mt of mangoes; consistent supply available in good varieties for processing and exports at competitive prices
c) Market growth	• Demand for value added processing to increase fresh cuts, dried mangoes, jams, juices, pulp • Export market for fresh fruits increasing in Europe and elsewhere • West Africa itself is large market for fresh products (600,000 mt)
d) High value added possibilities	• Production of dried mangoes, juices, jams, fresh cuts for export
e) Potential for new investments	• Plantations, value added products, packing, washing and service centers, transport, exports for new markets
3. Availability of private sector participation and institutional support	
a) Private sector participation	• Medium and large private sector companies in exports and processing present • Exporters, producers association, NGOs, many SMEs operating in sector
b) Institutional support infrastructure	• Private sector phytosanitary controls in all the countries available • Several donor supported projects (technical assistance) active • R&D institutions and universities working on fight against fruit flies
c) Experience of the trade/know-how	• Experienced private sector companies present in the countries • Exporters associations in the countries; procedures well-known • All stakeholders working on problems such as fruit flies; familiar with constraints and solutions

ANNEX 8: SESAME VALUE CHAIN

DESCRIPTION/DEFINITION OF THE VALUE CHAIN

Sesame (*Sesamum indicum*) is an ancient crop and probably the oldest cultivated oilseed. Cultivation of sesame began in Africa and was taken long ago to the Indian subcontinent, where the only non-African wild species may be found. Sesame is grown for its edible seeds, which are also the source of an edible oil (about 50 percent by weight). The seeds have strong antioxidant properties, allowing for long preservation, and are also used in traditional medicine and pharmaceutical applications. The press-cake is high in protein, with a high amino acid profile.

Sesame is grown mostly as a rain-fed crop by resource-poor smallholder farmers in Africa, Asia, and Latin America. Most of the crop is consumed domestically in the producing countries. Yields under rain-fed cultivation are quite low (about 300 kg/ha or less), as compared to over 2,000 kg/ha under mechanized and irrigated cultivation in the Americas.

PRODUCTS INCLUDED IN THE VALUE CHAIN

Products included in the value chain are sesame seeds of various qualities and grades (e.g., white or mixed seeds) and at various levels of processing (sorting, cleaning, de-hulling). Sesame oil is exported from many markets in the world.

Figure 5: Sesame Value Chain Map

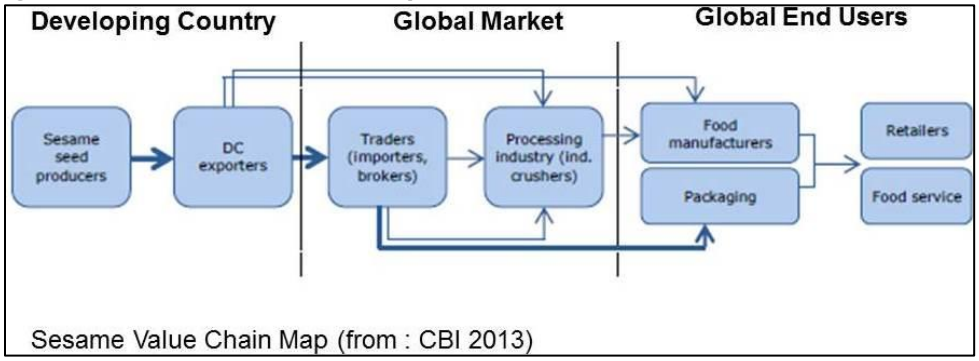
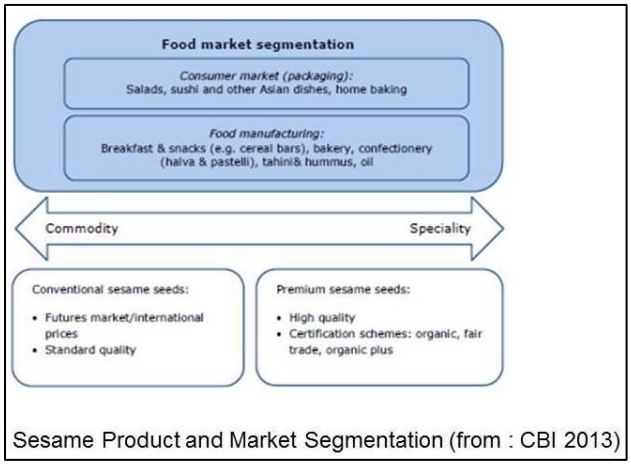


Figure 6: Sesame Production and Market Segmentation



Sesame Product and Market Segmentation (from : CBI 2013)

CURRENT STATISTICS/INFORMATION

Global exports of sesame seed reached 1.9 million mt in 2011, valued at 1.7 billion. Of this, West Africa supplied more than 230,000 mt valued at $250 million; sesame was West Africa's seventh most significant export. Global market demand is dominated by the Asian markets, in particular the Japanese market for edible sesame oil. Japan alone accounts for nearly a quarter of world imports, mostly from China and Myanmar. Japan consumes the greater portion of China's sesame exports, and the prices paid for these exports serve as a benchmark for international sesame prices. Another high-value niche is the hulled and polished white seed used in baking. In order to meet U.S. demand, Guatemala has specialized in production and processing of this product, with a price about three times that of the un-hulled, mixed seed of African origin. India currently provides about 30 percent of the world market for sesame seeds, with an emphasis on the hulled product, although it lost 10 percent of its market share following a global price increase of 130 percent during the mid-1990s.

Table 21: Global Sesame Exports, 2011

Rank	**2011 Exports** (FAOSTAT data)	Quantity (MT)	Value (1000 $)	price ($/MT)
1	India	408,687	565,005	$ 1,382
2	Ethiopia	254,127	349,133	$ 1,374
3	Nigeria	124,700	148,613	$ 1,192
4	Sudan (former)	102,600	135,300	$ 1,319
5	United Republic of Tanzania	76,017	73,077	$ 961
6	China, mainland	33,201	67,534	$ 2,034
7	Burkina Faso	58,650	56,730	$ 967
8	Paraguay	36,900	46,500	$ 1,260
9	Mali	28,553	32,133	$ 1,125
10	Mozambique	25,871	30,781	$ 1,190
11	Myanmar	36,500	30,000	$ 822
12	Guatemala	17,977	28,384	$ 1,579

Table 22: International Sesame FOB/CNF Quotations*

Sesame Product	Price ($/mt)
Ethiopia first grade	$2,410
Ethiopia second grade	$2,340
Sudan white	$2,410
India new white	$2,800
Nigeria oilseed	$2,230
Mali blended	$2,240
Burkina Faso blended	$2,220
Burkina Faso white	$2,300

* 2013-2014 seasons, shipping February 2014

Source: China Market Report' (Mac Agri Exports, 2014) online at: http://www.macagri.com

Table 23: Prices of Key Sesame Origins, Port of Qingdao, 2013/14

Sesame Origin	Price ($/mt)
Ethiopia (Humera)	$2,881–2,889
Ethiopia (Wollga)	$2,781–2,790
Sudan	$2760–2,785
Mozambique (white)	$2,765–2,790

Source: China Market Report (Mac Agri Exports, 2014) online at: http://www.macagri.com

MAIN VALUE CHAIN ACTORS

Although Africa holds about 30 percent of the total land devoted to sesame production, it accounts for only 20 percent of world production, due to the limited productivity of smallholder production systems. While Nigeria has long been one of the top global producers of sesame seed (along with Sudan and Tanzania), in recent years Ethiopia has emerged as Africa's top sesame producer. This product is known for its high-value Humera white sesame which enjoys a global premium of $200/metric ton. In West Africa, Burkina Faso has become an established source as well as an important regional market, collecting from neighboring countries (notably Mali, Togo, and Benin) for international export, primarily to the EU–Germany in particular.[46]

Actors along the sesame value chain in West Africa include farmers; farmer groups and farmer associations; traders—rural open-air traders (operating mainly on designated market days) and regional/urban wholesale traders; exporters and processors; and governmental bodies, including the NARS. Lead actors in the West African sesame value chain are the market traders who assemble quantities of sesame for export trade, particularly in Burkina Faso for shipment to Europe through Senegal and Ghana.

[46] A. Velegda personal communication (2012).

A major obstacle to the productivity of traditional sesame cultivars is the differential ripening of seed pods from the bottom of the plant, resulting in dehiscence (shattering) of the lower pods prior to harvest. In Africa, solutions to this problem involve harvesting early and hanging the whole plants on woven racks in the fields to dry. This method is problematic, however, in that harvest takes place shortly before the onset of rains, leaving open the risk of fungal contamination of the crop. Also, as the seed itself is flat and small, circulation of air during storage is a risk, and the seed moisture content must be reduced to less than 6 percent prior to storage.

For all of these reasons, post-harvest methods and technologies are a very important consideration for improving sesame productivity for smallholder farmers. Attention to product quality and management issues can also increase returns to producers, as can secondary processing (*e.g.,* mechanical cleaning and hulling) in producer countries.

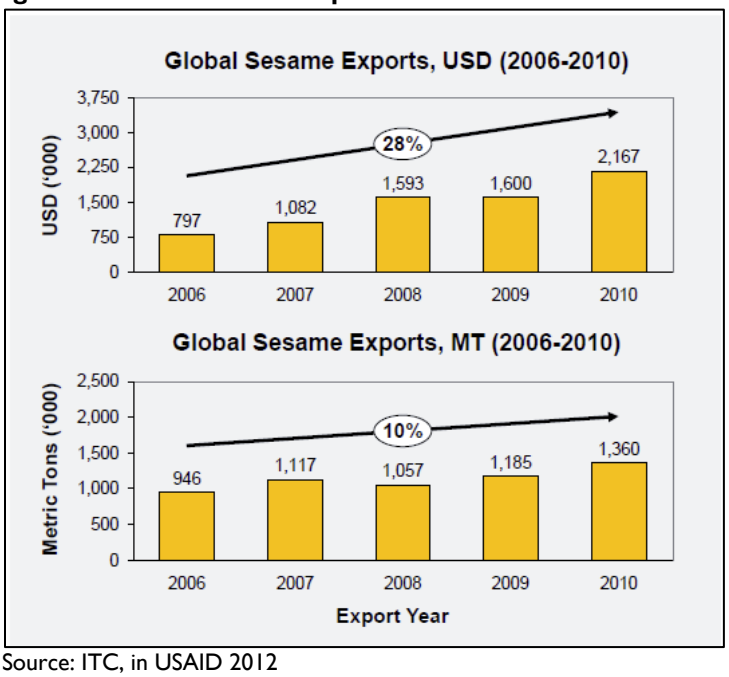
DISCUSSION OF THE VALUE CHAIN SELECTION CRITERIA

MARKET INFORMATION

According to recent data, global sesame exports grew 28 percent between 2006 and 2010, reaching 1.9 million metric tons, valued at1.7 billion in 2011.[47]

The top eight purchasing countries are China, Japan, Turkey, Vietnam, Korea, the U.S., Israel, and Germany. They account for over 70 percent of global demand by volume and nearly 80 percent of global value, at $1.3 billion. While China requires sesame of oilseed grade, Japan and the other top purchasing countries mainly import higher-quality, cleaned and hulled confectionery-grade sesame seed.

Figure 7: Global Sesame Exports



Source: ITC, in USAID 2012

[47] "The Business Case for Investing in the Hulling and Export of Sesame Seeds in Ethiopia." USAID, 2012, 36 pp.

COMPETITIVENESS

Contribution to Economic Growth

In common with some other commodities that have scope for value addition (notably shea), demand for sesame has been on a steady upward trajectory over the past decade. This trend can be expected to continue. Donor-funded initiatives have supported expansion of sesame production to include organic-certified product in Burkina Faso, Mali, and elsewhere. In addition, there is clear scope for investment in processing industries (cleaning and hulling in particular).

Potential to Create Jobs

In sub-Saharan Africa, sesame is cultivated in rotation with cotton and with leguminous crops such as groundnut and soya. In Niger, sesame has been inter-cropped with sorghum and millet in order to combat infestations of the parasitic weed *Striga*. In Senegal, sesame has also been introduced as a relatively high-value cash crop in order to help settle over 600 villages of formerly displaced families in the Casamance region. In Gambia, sesame growers' associations have improved household nutrition and brought about the economic empowerment of rural women, including a wide range of income-generating investments based on commercialization of the crop.

In recent years, certified organic sesame has been developed by support organizations working with farmers associations in Uganda, Gambia, Mali, and Burkina Faso, with farm gate prices three times the local market price for non-certified sesame.

Potential to Attract Investments

Recent initiatives in Ethiopia and Nigeria provide two investment models to assess the scale and returns of processing enterprises. The Ethiopia model is the more recent and more fully detailed, and was prepared as an investor presentation attributed to USAID in June 2012. The presentation describes a sesame hulling plant with a 10,000 mt annual output capacity, to benefit about 4,000 smallholder farmers. This program provided a 17.4 percent increase in income from sesame production, based on an initial investment of $7 million for a projected internal rate of return of 40 percent without leverage after five years.[48]

IMPACT ON FOOD SECURITY

Sesame is an export crop in West Africa, and thus contributes to food security as a source of household income for smallholder farm families.

Number of Households Participating/Potentially Participating

It is estimated that investments in sesame processing for export could benefit up to 100,000 smallholder farming households, with a potential value of $50 million in additional exports in the medium term.

Extent of Geographic Dispersal in West Africa

With Nigeria already well-established as an origin for unprocessed, mixed oilseed sesame of relatively low value alongside eastern Africa suppliers, there is scope for quality improvement and value addition.

[48] ibid

Meanwhile, higher-quality white sesame exports have recently been established, particularly via Burkina Faso as a center of origin and regional trade (sourcing from Mali, Togo, and Benin).

RECOMMENDATIONS

Sesame will continue to register increased global demand, and the West African share of global exports has been steadily increasing. For this reason, we recommend that the Trade Hub include it as an export commodity. There is considerable scope for leveraged investments in mechanized processing in the producer countries of West Africa, particularly Burkina Faso. Value-added exports would increase substantially if increased levels of certified sesame can be provided to the market.

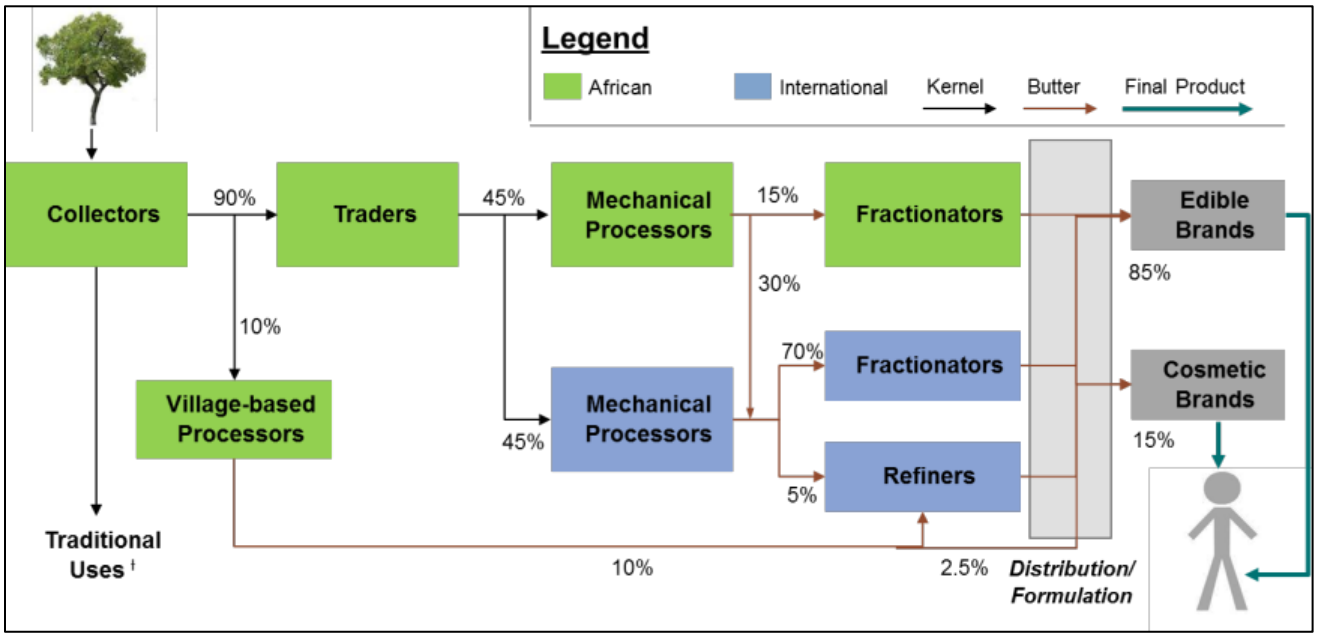
ANNEX 9: SHEA VALUE CHAIN

DESCRIPTION OF THE VALUE CHAIN

Products in this value chain are shea kernel and its derived lipid fraction, consisting of oil and fat components. Although the tree is endemic to 16 African countries, well over 90 percent of globally traded shea products originate in Ghana, Mali, Burkina Faso, Côte d'Ivoire, Togo, and Benin. The stearin component of shea butter, isolated by a process of industrial fractionation, is the main value-added product for international commerce, constituting about 90 percent of global trade in shea products. Shea stearin is by far the most significant shea product globally, used primarily in confectionery as a cocoa butter improver (a substitute for a proportion of cocoa butter with stabilizing properties). Unrefined shea butter also contains bioactive non-oil/fat compounds which have high-value applications in skin care. Shea butter extracted in Africa is mostly sold in bulk at low prices and without regard for quality. However, solid production chains are operating in Ghana, where quality control and assurance are most established, and in Burkina Faso.

Serving as a conduit for regional shea exports from neighboring countries (Mali and Burkina Faso in particular), Ghana has become the preeminent exporting nation for shea products, the worldwide leader for 14 of the past 18 years. Ghanaian market share for shea kernel accounts for an estimated 86 percent of all shea kernel exports from West Africa. Burkina Faso is significantly behind, ranking second among the other producing countries. Although Nigerian shea parkland is vast, its shea is less globally desirable, as an adequate stearin content is found only in shea kernel from the western side of the Niger valley; shea east of the Niger river has a much lower stearin content and is not sought by international buyers.

Figure 8. Shea Value Chain Map



Source: Global Shea Alliance 2013

CURRENT STATISTICS/INFORMATION

While export figures are notoriously unreliable, in 2013, the Global Shea Alliance (GSA) estimated that 350,000 mt of shea kernel are exported from Africa annually, with a market value of approximately $120 million (based on current prices of about $450 mt free-on-board (FOB) and used for the preparation of around 60,000 mt stearin (the solid fat fraction). Major exporting countries include Ghana, Burkina Faso, Côte d'Ivoire, Mali, Benin, Togo, and Nigeria.

MAIN VALUE CHAIN ACTORS

The shea value chain was historically characterized by bulk exports of shea kernel for extraction, refining and fractionation on a tolling basis at one of two European facilities for one of three major European buyers: Karlshamns AB of Sweden; Aarhus United A/S of Denmark; or Loders Croklaan, a Netherlands-based subsidiary of IOI Corporation of Malaysia. Together these accounted for more than 90 percent of African shea exports. Ghana has long been favored by these buyers as the origin of highest quality, due to its shea's higher fat content as well as reliability and ease of commerce. From the early 2000s, Burkina Faso became a secondary origin of choice, with procurement centered in Bobo Dioulasso, although buyers also draw shea kernel from the Sikasso region of Mali.

In 2005, Aarhus and Karlshamns merged to form AarhusKarlshamn AB (AAK), a Swedish-Danish company. The merger narrowed the shea supply chain to two major processors and suppliers to the downstream markets. More recent entries to the West African shea market include 3F Africa, the West African subsidiary of the Indian Foods, Fats and Fertilizers group of companies, which exports large volumes of shea kernel to India for extraction, fractionation, and re-export as shea stearin for confectionery. The West African shea market was further rocked (and 2008 shea prices spiked) by the sudden entry of the Ghana Specialty Fats facility at the Ghanaian port of Tema, a $20 million joint venture between Archer Daniels Midland (ADM) and Singapore's Wilmar Holdings, with an annual processing capacity of 25,000 mt of shea kernel. ADM/Wilmar produces shea stearin for export as a food ingredient destined mainly for the European confectionery industry, with some sales of shea olein as a food or cosmetic ingredient.

For all these main players, Ghana serves as the de-facto supply depot for West Africa, given the quality of its shea kernel (a "trickle-over" effect of quality systems and infrastructure invested in the cocoa value chain), drawing in the best-quality product from inland origins such as Mali and Burkina Faso. A wide range of possible investments ranges from under $20,000 for village-level artisanal unrefined shea butter production to multi-million dollar facilities.

DISCUSSION OF THE VALUE CHAIN SELECTION CRITERIA

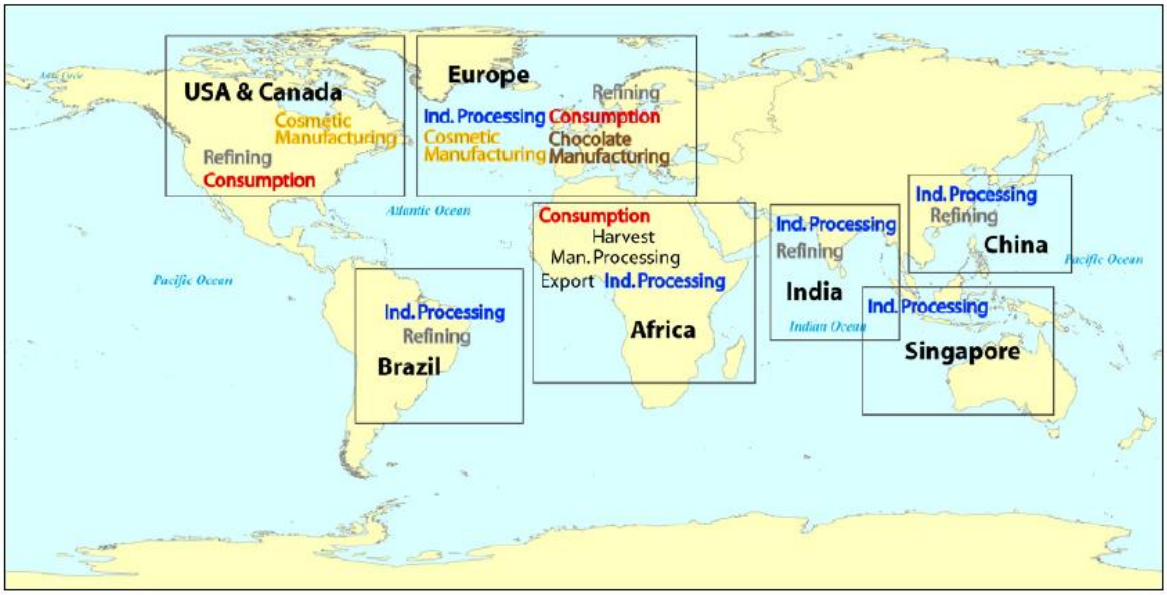
MARKET INFORMATION

Shea kernel exported without further processing is largely destined for industrial extraction and fractionation into olein and stearin. Stearin is used as a cocoa butter improver for chocolate sold in the EU. The specific countries that allow its manufacture include the UK, Denmark, Sweden, Portugal, Ireland, Russia, and Japan (3F 2010). While shea kernel has historically comprised some 95 percent of shea exports from the African continent (i.e., prior to establishment of the ADM complex at Tema), current trends point to an increasing export share for processed shea butter (and its fractions, as more finished products) to serve global markets, as more such infrastructure becomes operational. Brazil is a fairly recent entrant to the shea-consuming countries; while its chocolate industry allows for admixture

of shea butter as a cocoa butter improver, several of its cosmetics companies currently use shea butter in their product lines.

In recent years, unrefined shea butter has defined a distinct and growing market niche on the global cosmetics market. According to WATH estimates, the natural cosmetics segment comprises about 5 percent of the $200 billion global cosmetics sector. Growth of this segment has been fairly consistent at 15 to 25 percent per annum in recent years, with growth from an estimated $3.9 billion in 2006 "expected to exceed $10 billion [in] 2010", while the market demand for shea butter of African origin is currently estimated at 5,000 to 8,000 mt per year.[49] These markets are mostly in Europe (including the UK, where Body Shop established its global foothold, and the continental mainland, where shea butter was popularized by the French company L'Occitane) and the U.S., which is served by multiple suppliers. Direct shea butter exports to Canada are typified by Ten Thousand Villages, which sources its butter

Figure 9: Global Shea Processing Points



directly from the same Burkinabé producers cooperative that supplies L'Occitane, with facilitation from the Centre for International Studies and Cooperation (CECI), a Canadian NGO.Further upstream, traders who collect and consolidate purchase of shea kernel and butter from the rural production areas operate on very low margins, often fronting their own meager capital to facilitate bulk procurement to serve industries and exporters. Recently, proprietary procurement networks have been established, including by Loders Croklaan in Bobo Dioulasso and Ghana Nuts in northern Ghana (which includes indirect benefits such as medical insurance for traders and producers), while AAK has set up a warehouse receipt system and village savings and loan association model with SNV in the Upper West region of Ghana. These traders could be united more formally as an association and possibly integrated with other professional platforms supported by the GSA.

COMPETITIVENESS

Contribution to Economic Growth: Potential to Increase Trade

[49] USAID WATH (2010), "Investing in Shea in West Africa: A U.S. Investor's Perspective."

Shea is a bifurcated commodity: both a low-value industrial feedstock and a high-value cosmetic ingredient. Its locally specific dynamics of supply and demand vary widely across the production zone, and may appear paradoxical (e.g., shea is more highly valued in areas most removed from global trade, where prices are negotiated directly between local producers and local consumers). The totality of shea products in global trade may be seen as a pyramid. A broad base of dried shea kernel of indifferent quality is derived from fresh shea fruit by rural women (about 620,000 mt per annum). More than half of this is consumed at the household and local level as a food oil, while the surplus (about 40 percent of the harvest) is traded downstream. About 80 percent of the traded shea is exported to Europe, Asia, and the BRIC countries (Brazil, Russia, India, and China) as a raw commodity (subsequently processed into shea stearin and its by-products), and only about 20 percent of the harvest is processed in Africa and exported as shea butter.

Prospects for increased international demand for shea kernel substantially lie with the current efforts of the GSA to successfully lobby for USDA approval of shea butter as an alternative to cocoa butter in confectionery products. In the EU, demand for shea skyrocketed in the 2000s following Directive 2000/36/EC of the European Parliament relating to cocoa and chocolate products intended for human consumption. Partly as a result, global prices for shea kernel and butter closely follow cocoa prices on the world market, competing with palm stearin and more exotic cocoa butter substitutes such as *sal* and *illipe* (and more recently *Allanblackia*, under development by Unilever).

Beyond this are countries and areas of origin with distinct potential for increasing global demand through increased traceability, producer upgrading, and quality assurance. Nigeria's vast shea parkland is largely underused, and product quality is generally abysmal (a fact well-known to exporters). Its participation in the value chain is complicated by a divergence in product composition along the Niger River basin: butter from the west is solid, with a high stearin-to-olein ratio, while that from the east is much softer and without value to the stearin-based confectionery market. General quality problems related to shortage of processing labor, plus a lack of traceability to region means that exporters will generally not risk buying low-stearin product, so Nigerian shea kernel often moves (along with black-market petroleum) across the border to Benin (diluting that country's quality brand). As a result, export prices for shea kernel are generally low in Benin. Nigerian shea kernel is also often procured and processed by industrial operations in Benin or Togo (Fludor or Nioto, in Abomey or Lomé respectively).

Potential to Create Jobs

An estimated three million West African women are involved in shea export (WATH 2009; Scholz 2010), with a host of mostly male intermediaries serving as aggregators of shea kernel for industrial procurement, regional trade, and export. Employment is likely to be generated by investment in rural collection and processing enterprises, which rely on hundreds or thousands of collectors (nearly all women) and dozens or hundreds of artisanal processors, depending on the processing technology used. Generally, purchase of unrefined shea butter from rural producers is more remunerative to primary producers (and generates more employment, mostly female) compared to aggregated trade of the raw material for industrial processing.

Potential to Attract Investments

Demand for natural cosmetics is projected to continue rising despite global economic woes, so demand for shea butter can only be expected to follow suit. Customer awareness of shea butter in skin care has grown spectacularly since 2000, but slowed after the global financial crisis of 2008, so rates of 10 percent or more per annum are unlikely to continue indefinitely. There is clear scope for aggregation of smaller-scale production models and investment in supply chains linking rural producers with bulk and industrial buyers, as well as for higher-value niche markets for better-quality, locally processed, unrefined shea butter of specific origins.

While sourcing arrangements have increased for locally produced shea butter as a commodity, little investment has been made in small and medium production enterprises serving regional and global markets, particularly outside Ghana. Potential exists for more direct investment in small- and medium-scale production enterprises at the rural and peri-urban levels across the shea belt—particularly in the "sleeping shea giant" of Nigeria and in Côte d'Ivoire, where this value chain remains largely untapped.

IMPACT ON FOOD SECURITY

Number of Households Participating/Potentially Participating

About 10 million households across Africa (and at least 5 million in the ECOWAS zone of West Africa) rely on shea butter as a dietary lipid (food oil) of primary importance to household food security. It is processed in the home and sold on local and regional markets, thus providing a source of female incomes used to meet household financial requirements.

Extent of Geographic Dispersal in West Africa

The shea tree is endemic to the savanna zone between the forested littoral and the Sahel, extending from eastern Senegal to southwestern Ethiopia and northern Uganda. In order of production, FAOSTAT data shows the main producing countries of West Africa in 2012 to be Nigeria, Mali, Ghana, Burkina Faso, Côte d'Ivoire, Benin, and Togo.

RECOMMENDATIONS

Continued Trade Hub investment in the shea value chain is absolutely justified, particularly when looking at export market potential, contribution to household incomes and food security, opportunity for improving women's livelihoods, and social and environmental sustainability. Given previous and ongoing investments by USAID under WATH and the Trade Hub, and the great potential of shea as a natural resource, there is scope for consolidation of previous investments. The great "win" will be if the GSA is successful in lobbying for USDA GRAS (Generally recognized as safe) status for use in confectionery formulations; the Trade Hub can continue to contribute to this initiative.

ANNEX 10: SPECIALTY FOODS VALUE CHAIN

DESCRIPTION OF THE VALUE CHAIN

According to the National Association for the Specialty Food Trade (NASFT), "specialty foods" are "foods and beverages that exemplify quality, innovation and style in their category; [where] their specialty nature derives from some or all of the following characteristics: their originality, authenticity, ethnic or cultural origin, specific processing, ingredients, limited supply, distinctive use, extraordinary packaging or specific channel of distribution or sale; [and] by virtue of their differentiation in their categories, such products maintain a high perceived value and often command a premium price."[50]

This definition of specialty foods is vague and encompasses many products, but in general specialty foods are characterized by a high price and limited quantity on the market. In the West African context, exports show a range of products (below) considered to be specialty foods, although there is an overlap with ethnic foods, which are generally characterized by low price and higher quantity on the market.

PRODUCTS INCLUDED IN THE VALUE CHAIN

The U.S specialty foods market alone is estimated at $85.87 billion.[51] Among the 20,000–30,000 processed food products sold at supermarkets in the U.S., 2,000–3,000 products fall into the specialty foods or ethnic foods categories.[52]

For the purpose of this value chain selection report, we have looked at historical exports facilitated by the WATH project and identified the following products that are a cross between niche ethnic foods markets and mainstream markets: Baobab powder, cassava-based products such as *gari* and *athieke*, coffee, jams and jellies (*bissap, maad, papaya*…), mangoes (dried), processed cereals (millet and sorghum-based), moringa (powder and tea), sauces (*shito*), and gum Arabic, a key ingredient in soft drinks.

CURRENT STATISTICS/INFORMATION

According to the NASFT, total food sales in 2012 totaled $85.87 billion. Ninety-five percent of specialty food manufacturers recorded sales increases in 2012. Ninety-five percent of specialty food stores carry all-natural products.[53] Among the fastest-growing categories that represent an opportunity for West Africa (relative to the products listed above) are energy bars (Baobab powder) and shelf-stable functional beverages (Bissap).

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[50] http://www.specialtyfood.com/association/press-office/industry-facts/

[51] Ibid.

[52] TAI, Inc. estimate from telephone interviews with store managers at 5 major U.S. supermarkets (WholeFoods, Rouses, Winn Dixie, Publix, Vons). January 2013. (https://tamis.dai.com/Projects/Morocco/MEC_TAMIS.nsf/15d60f3c7513e72f852578a700505615/2da6ba32da71ac3900257b210047c104/$FILE/nussbaum%20-%20export%20promotion%20report%20-%201-3-2013.docx.)

[53] http://www.specialtyfood.com/association/press-office/industry-facts/

Based on the specialty foods selection from West Africa, Table 24 shows the export values from 2010 to 2012.

Table 24: Specialty Food Exports from West Africa

		ECOWAS Exports to World		
HTS Code	**Products**	**Value in 2010 ($,000)**	**Value in 2011 ($,000)**	**Value in 2012 ($,000)**
1106.30.40.00	**Baobab powder**		**4,025**	**275**
1903.00.20.00	**Cassava-based products such as *gari* and *attieke***		**810**	**118**
901	**Coffee**	**194,487**	**83,351**	**336,630**
'090111	Coffee, not roasted, not decaffeinated	191,780	75,731	220,936
'090190	Coffee husks and skins, coffee substitutes	1,095	5,375	112,003
'090112	Coffee, not roasted, decaffeinated	900	1764	2781
'090121	Coffee, roasted, not decaffeinated	703	168	879
'090122	Coffee, roasted, decaffeinated	9	313	31
2007	**Jams, jellies (bissap, maad, papaya…)**	**111**	**308**	**718**
'200799	Jams, fruit jellies, fruit/nut purée & paste, ckd prep., sugared, sweetened/not	77	207	694
'200710	Homo prep (jams, fruit jellies, etc.) ckd prep. whether/not sugared/sweetened	22	101	22
'200791	Citrus fruit (marmalades, purée, etc.) ckd prep. whether/not sugared/sweetened	12		2
804.5	**Mangoes, fresh or dried**	**30,698**	**39,397**	**50,653**
1211.90.40.40	**Moringa (powder and tea)**		**4,853**	**2,349**
1904	**Processed cereals (millet and sorghum-based)**	**147**	**294**	**697**
Top of Form 2103 Bottom of Form	**Sauces (*shito*)**	**3,102**	**51,070**	**11,890**
TOTAL	**All Above Products**	**228,545**	**184,108**	**403,330**
Potential additional products				
1301.20.00.00	Gum Arabic*	247,409	87,256	105,634

Source: ITC–trademap.org

* For gum Arabic: Nigeria is the biggest exporter of gum Arabic in West Africa. The figure above includes Chad (covered by the Trade Hub), which is the second largest exporter of gum Arabic after Sudan.

The products in Table 24 show a great potential for export from West Africa. According to a study, gathering baobab fruit has the potential to earn an extra $1 billion a year for Africa, and to bring work and income to 2.5 million households (Britain's Natural Resource Institute).[54] The white powder can be used to make drinks and cereal bars; and vegetable oil extracts are used in the cosmetics industry. Dried

[54] http://www.southerninnovator.org/index.php/food-security-a-agriculture/37

baobab fruit pulp was authorized in the European Union in 2008 as a safe food ingredient and was granted GRAS status in the United States. This is an area where the Trade Hub can collaborate with existing institutions such as PhytoTrade, which has already made great progress in developing products for German, Japanese, French, and British markets.[55]

Coffee is an important commodity in the world economy, accounting for trade worth approximately $16.5 billion in 2010, although consumption has grown by an average of only around 1.2 percent a year since the early 1980s.[56] West Africa is a relatively small player, as represented in Table 25 below; no immediate investment from the Trade Hub should be directed at this sector, especially given that the market is dominated by a few very large companies, mainly multinationals that sell their products by promoting their brand and image through large-scale advertising. Furthermore, most coffee is sold through supermarket chains that generally stock a relatively limited range of brands that meet their criteria for sales per unit of shelf space. In this environment, it will be difficult and costly for new West African suppliers to penetrate the market.

Table 25: Coffee Exporting Countries: Total Production

Crop Years Commencing 2008 to 2013 ('000 bags)								
		Crop Year	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
World Total			**128,637**	**122,953**	**132,984**	**132,286**	**145,436**	**145,717**
Member Countries			**120,639**	**115,907**	**125,103**	**123,035**	**137,478**	**137,931**
Cameroon	(R/A)	Oct/Sep	725	902	503	574	366	400
Côte d'Ivoire	(R)	Oct/Sep	2,397	1,795	982	1,886	2,046	2,100
Ghana	(R)	Oct/Sep	27	33	60	71	43	60
Liberia	(R)	Oct/Sep	12	13	10	10	10	10
Sierra Leone	(R)	Oct/Sep	86	91	33	78	64	70
Togo	(R)	Oct/Sep	138	202	160	162	78	100
Non-member Countries			**7,998**	**7,046**	**7,881**	**9,251**	**7,958**	**7,786**
Guinea	(R)	Oct/Sep	505	499	386	393	319	400
Data as of April 2014; Next Update: July 2014								

Source: International Coffee Organization[57]

Exports of jams and jellies represent a great opportunity for West Africa. Total imports of jams, jellies, purees and marmalades in the European market in 2013 amounted to €837 million ($1.2 billion), with a total of 476,000 tons. Germany, France, and the United Kingdom were the top importing countries. Significant suppliers from developing countries included Senegal, as well as Turkey, Croatia, Costa Rica, and Ecuador.[58]

The American sweet spreads market was valued at $2.7 billion in 2010, and is expected to reach $3.3 billion by 2015. Healthier eating trends represent a good opportunity for the introduction of new

[55] http://phytotrade.com/

[56] http://www.intracen.org/The-Coffee-Exporters-Guide---Third-Edition/

[57] http://www.ico.org/prices/po.htm

[58] http://www.cbi.eu/system/files/marketintel_documents/2013_pfs_jams_jellies_etc_in_the_eu_-_pfv.pdf

products with functional attributes and low, no, or reduced sugar.[59] Products containing exotic fruits such as mango, corossol, guava, hibiscus (bissap), and papaya may fill this growing niche, and companies like Zena Fruits (http://www.zenaexoticfruits.com/) are already filling this opportunity.

Exports of mangoes, fresh or dried, from West Africa have been increasing over the year, as shown in Table 24 above. The United States and European Union alone accounted for 75 percent of world mango imports in 2010.[60] Although there is a perceived opportunity, West Africa has not been able to compete with Latin American countries. Furthermore, a study from FAO indicated that the investments needed to target high-end niche markets were often not in balance with the price premium received, and recurrent quality issues should lead West African countries to focus on growing domestic and regional markets because of less-stringent quality requirements. [61]

Moringa is a versatile plant, out of which a number of products can be made for a variety of purposes. These products include tea powder, vegetable oils, cosmetics, nutritional supplements, and medicine. Moringa has been presented as a "green superfood," with the United States, Western Europe, and Japan as the main importing markets.[62]

Another interesting opportunity for the Trade Hub is gum Arabic. Imports of gum Arabic totaled 123,206 tons, with France importing 28 percent, the U.S. 13 percent, the UK 7.3 percent, and Germany 5.36 percent. The three main producers are Sudan, Chad, and Nigeria. These three countries alone produce 95 percent of gum Arabic exported to the world market.[63]

MAIN VALUE CHAIN ACTORS

The value-added processed foods (specialty foods) value chain in West Africa is organized through an umbrella organization, the *Association Afrique Agro Export* (AAFEX), which covers 16 African countries (Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Gabon, Gambia, Ghana, Guinea, Madagascar, Mali, Mauritania, Niger, Nigeria, Uganda, Senegal, and Togo). AAFEX was founded in 2002; its membership includes more than 100 companies producing and exporting various ethnic and specialty foods. These companies' product lists include processed cereals-based products; tubers and allied products (starchy products); seasonings; spices; coffee; teas; oils and gats; essential oils; ingredients, additives, and various preparations; fruits and vegetables; and fresh, processed, or dried organic products.

AAFEX provides technical assistance to its members to help them enhance their business and export readiness and their technical capacity to improve processing techniques, quality, and the competitiveness of their products. It also promotes African products to international markets. AAFEX receives support from the French Development Agency (*Agence Française de Developpement*) and has worked extensively in the past with WATH to promote African specialty food products under the "Taste of Africa" brand.

The WATH project identified roughly 82 export-ready companies in the specialty foods value chain in the region. This figure does not include companies that are exporting regionally, but with more than 60 percent of West Africa's 300 million people sustaining their livelihoods through agribusiness, and with a growing market for specialty products, there is tremendous opportunity to create jobs and increase incomes for millions of people in West Africa.

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[59] http://www.ats-sea.agr.gc.ca/amr/6137-eng.htm

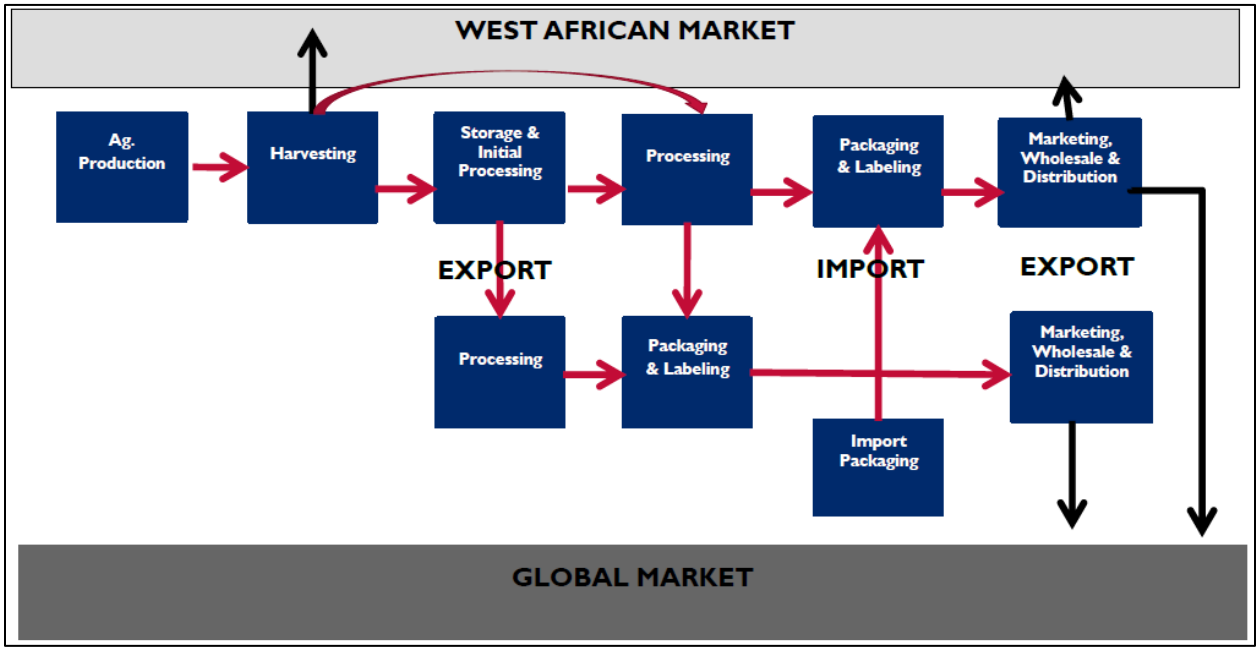
[60] http://www.fintrac.com/cpanelx_pu/tapp/16_45_6043_01_Market_Bulletin_USAID_TAPP_Mango.pdf

[61] http://www.fao.org/docrep/018/i3222e/i3222e10.pdf

[62] http://www.perene.org/wp-content/uploads/2014/02/Moringa_web.pdf

[63] http://www.unctad.info/en/Infocomm/AACP-Products/COMMODITY-PROFILE---Gum-Arabic/

Figure 8: Specialty Foods Value Chain Map



The value chain map in Figure 8 above shows the dynamics of the value and supply chain for specialty foods. The specialty food market is characterized by a variety of available channels. The supply chain starts with the producers or farmers who sell to processors and exporters. They, in turn, either have a direct linkage with producers, use a network of traders and agents to gather sufficient bulk from farmers, or purchase from local wholesalers. Most local processors import packaging materials and sell to local and West African markets directly or through a network of wholesalers in targeted countries.

Some specialty food products (Baobab, for example) may undergo initial processing before being exported through exporters who act as brokers to wholesalers and food processing companies in Europe who make yoghurts, smoothies, cereal bars, and other exotic beverages. The typical specialty food value chain has a limited direct link between the producer and the point of sale, with the product moving from the producer to the processer to the manufacturer to the distributor and retailer before reaching the final consumer. Another scenario is the product moving from the producer to a processor, then to an exporter who sells to an importer in the target country, who identifies a distributor then a contract manufacturer before reaching a retailer and finally the consumer.

DISCUSSION OF THE VALUE CHAIN SELECTION CRITERIA

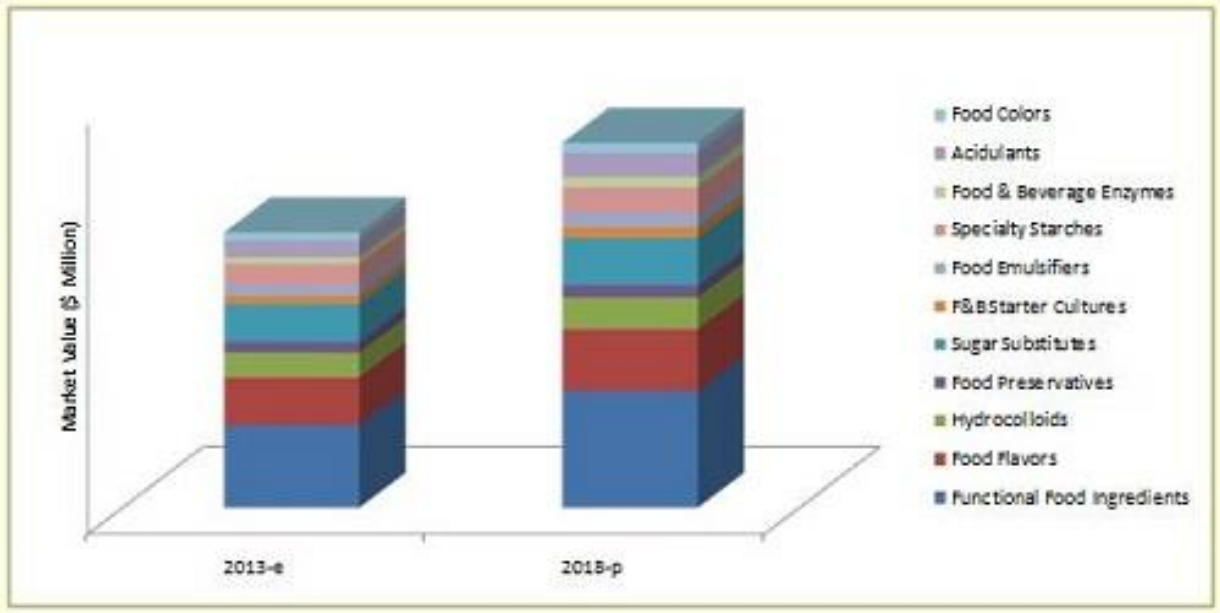
MARKET INFORMATION

The sales of specialty foods have been increasing worldwide as demand for ethnic foods has continued to grow. Ethnic food sales are growing 14 percent a year in Europe and 5 percent a year in the U.S., according to Datamonitor.[64] Figure 9 below shows the dynamics of the specialty foods market by types of products, with a projected value of $80,323.4 million by 2018 for specialty food ingredients.[65]

[64] http://www.firstresearch.com/Industry-Research/Specialty-Food-Stores.html

[65] http://www.marketsandmarkets.com/Market-Reports/speciality-food-ingredients-market-252775011.html

Figure 9: Specialty Foods Market by Type of Product



E-estimated, P-projected
Source: Markets and Markets Analysis

Specialty food consumers buy most of their specialty products in supermarkets (70 percent), followed by natural food stores (35 percent), mass merchandisers (Walmart and Target, farmers' markets (30 percent), and specialty food stores (25 percent).[66] Sources from Mintel[67] show that:

- Nearly three-quarters of U.S. consumers purchase specialty foods.
- Consumers between the ages of 18 and 24 are most likely to purchase specialty foods (82 percent).
- Consumers in the West are most likely to purchase specialty foods, followed closely by those in the Northeast.
- Chocolate, olive oil and other specialty oils, and cheese were the most-purchased categories; they were bought by more than half of specialty food consumers.
- Specialty food consumers spend 37 percent more on food than consumers overall.
- Nearly two-thirds of specialty food consumers buy specialty foods for everyday meals at home.
- Nearly half of all specialty food consumers buy foods made with locally grown ingredients.

There is an opportunity to sell specialty food products both to Europe and the U.S., although these are very competitive markets. The main challenge is to determine where to position a specialty product—whether an exporter should target the ethnic/diaspora market, the mainstream market, or the high-end market. In order to export to these markets, African processors and exporters must adhere to a set of market and legal requirements to ensure their products are compliant. In addition to a competitive landscape analysis, exporters must strictly respect legal exigencies such as nutritional analysis, bar code

[66] "U.S. Specialty Food end-market analysis." USAID Compete
http://www.competeafrica.org/Files/US_Specialty_Food_Analysis_FINAL_12_July_2012.pdf

[67] http://www.specialtyfood.com/news-trends/featured-articles/article/todays-specialty-food-consumer-2013/

registration, and Food and Drug Administration (FDA) registration. They must also have relevant certifications (ISO, HACCP, etc.),[68] and meet packaging and labeling standards.

COMPETITIVENESS

Some of specialty products described above have seen an increase in sales from 2010 to 2012 (coffee, jams, fresh or dried mangoes, processed cereals, gum Arabic) while sales of other products declined (Baobab powder, Moringa, sauces). Despite the decline in some products, there have been clear indications of market opportunities as these products have become food ingredients in the specialty food industry in Europe and the U.S.

The potential of specialty foods to generate employment is enormous, as it is a subset of agriculture, which employs 65 percent of Africa's labor force and accounts for 32 percent of gross domestic product.[69] Aggregate data reported in the 2010–2011 State of Food and Agriculture Study (FAO 2010–2011) indicate that women make up almost 50 percent of the agricultural labor force in sub-Saharan Africa.[70] AAFEX, for example, mentioned that with better organization of the value chain downstream, its members will be able to increase their supply of specialty food products. Further processing and value addition will greatly impact employment and revenues, as it is estimated that each dollar of additional income in agriculture generates an additional $0.50 to $0.60 of income in the rural non-farm economy.[71]

With low value addition in Africa—for food and beverages for example, it is estimated that Africa contributes less than 10 percent of value addition[72]—there is tremendous potential for investments in the specialty foods sector in West Africa. It is estimated that sub-Saharan Africa will require $940 billion in investment, of which 66 percent will be required for agribusiness and agro-industries (High Level Conference on Developing Agribusiness and Agro-Industries, Abuja 2010).[73]

IMPACT ON FOOD SECURITY

It is difficult to estimate the total number of households participating or potentially participating in food processing, and those households involved in production. Looking at a sample—AAFEX's nearly 100 member—we can estimate that, if each company employs between 10 and 20 people, the total number of direct households could vary from 1,000 to 2,000. Specialty foods' potential positive impact on food security is further enhanced because of the significant role women producers and processors play throughout this value chain; this participation means they have a direct impact on improved household food consumption.

Most of the selected products have a wide geographic range across West and Central Africa, from the Sahelian countries (Baobab powder, jams, processed cereals, mangoes) to coastal countries (cassava-based products). Products such as Moringa are found all across West Africa, while gum Arabic is found in Chad and Nigeria, which are the second- and third-largest exporters (respectively) of this product, after Sudan.

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[68] ISO: International Organization for Standardization; HACCP: Hazard Analysis and Critical Control Points

[69] www.worldbank.org

[70] "The Africa Agriculture Status Report: Focus on Staple Crops." http://agra-alliance.org/

[71] http://brusselsbriefings.files.wordpress.com/2012/02/no-4-increasing-rural-employment-in-sub-saharan-africa.pdf

[72] "Key challenges in agro-industrial development in Africa." www.afdb.org

[73] http://www.gibs.co.za/SiteResources/Uploads/11597971_Market_Study11597971_.pdf

RECOMMENDATIONS

The specialty foods sector in West Africa includes small-, medium-, and large-scale agro-processing of food ingredients. African foods are still not mass marketed into the mainstream international markets; African diaspora communities in Europe and the U.S. are the main markets. Many specialty foods examined by the Trade Hub team cannot be exported because they do not meet international standards for food safety and labeling, among other challenges. African specialty foods processors have an opportunity to tap into the growing specialty foods market domestically, regionally, and internationally. As explained above, West African processors have a regional opportunity for some products, while other products can be further enhanced for penetration in the international markets.

The approach of the Trade Hub to develop the West African specialty foods value chain should rest on three pillars: regional linkages, international ethnic markets, and international mainstream markets (see Figure 10). The project should address quality and traceability; standards for hygiene; food safety; production processes; certification; and improved packaging, labeling, marketing, and branding to improve the *marketability* of African specialty foods.

Figure 10: Three Pillars for Assistance to Specialty Foods Value Chain